





Mubarak aide will meet Begin in bid to ease tension

BY DAVID LINDON IN TEL AVIV

RELATIONS between Israel and Egypt appeared increasingly tense yesterday as Mr Osama el Baz, one of the Egyptian President's closest aides arrived for emergency talks today with Mr Menahem Begin, Israel's Prime Minister.

His arrival coincided with a fourth day of violent protests over the dismissal of one of the West Bank mayors by the Israeli authorities.

Mohammad Badah, aged 17, was killed in Dir Amar camp when Israeli troops fired on protesters who refused to disperse after soldiers fired tear gas.

The Knesset will today hear a number of no confidence motions over the Government's handling of the West Bank troubles and over the continued closure of the Druse Arab villages on the Golan Heights which have been on strike for six weeks in protest over Israel's annexation of the region.

Meanwhile, with only a month remaining before the final Israeli withdrawal from Sinai, Jerusalem and Cairo are locked in disputes over demarcation of the border. Relations have also been strained by Egypt's sudden cancellation of an autonomy negotiation due to be held in Jerusalem this week, as well as by the earlier row over President Hosni Mubarak's refusal to include Jerusalem in the itinerary of his proposed visit to Israel.

Mr El Baz is expected to present new ideas for resolving the dispute over the exact line of the border at Taba, near Elilat on the Red Sea where an Israeli holiday village and hotel lie in the disputed area.

The growing tension reflects Israel's concern about President Mubarak's degree of commitment to the peace treaty and fears that he may cool relations between the two countries once Egypt has regained all Sinai.

Israel's Defence Minister, Mr Ariel Sharon, is pressing for Israel to halt the withdrawal if Egypt continues to insist on drawing the border in such a way as to place the holiday facilities on the Egyptian side.

S. Africans surprised by Swapo revival

By J. D. F. Jones, recently in Namibia

SOUTH AFRICA'S latest military incursion into Angola, which claimed 201 guerrillas dead a week ago, was a ruthless pre-emptive action in a border war which is temporarily in stalemate.

Only in the central sector of Ovambo in the 940-mile frontline of Namibia is there any evidence of significant military activity.

The war between the South Africans and the South West African People's Organisation (Swapo) provides the main impetus for a diplomatic settlement of the Namibian dispute.

Last week's raid into southwestern Angola, according to South African briefings, followed the discovery that a Swapo group was located considerably west of the main sector of the fighting, about 15 miles north of the border.

Francis Ghiles reports on Algeria's calm in the current oil storm. Past policies pay present dividends

WHILE the oversupply of crude oil on world markets has almost totally concentrated mind in the Organisation of Petroleum Exporting Countries, Mr Belkacem Nahi, Algeria's Energy Minister, could be forgiven for affecting a calmer air than his colleagues.

Fairly consistent policies have significantly reduced Algerian dependence on exports of crude oil and the North African producers — Opec's tenth biggest — leans heavily now on refined products, condensate, liquefied petroleum gas and gas.

Thus, although Algeria may earn as little as \$9.7bn from exports of hydrocarbons this year, a drop of about one third compared with last year's revenue of \$13.9bn, such a fall would not have a dramatic effect on the country's five-year economic development plan (1980-1985).

The recent signing of a gas contract with France for the delivery of 9.1bn cubic metres of liquefied natural gas (LNG) annually and the probable delivery to Italy from later in this year of 12bn cubic metres of gas every year, however, means Algeria's income

PROJECTED INCOME FROM HYDROCARBONS EXPORTS IN 1982 IN 1982

Table with 3 columns: Volume, Price (\$), Value (\$bn). Rows include Crude oil, Refined products, Condensate, LPG, LNG: France, Spain, U.S., Gas: Italy, Total.

from gas exports is expected to triple this year and increase by a further 50 per cent in 1983.

Algeria is also helped by the healthy state of its external finances. More than half its hard currency debt, of which the disbursed position was estimated at \$17.5bn at the end of 1981, is in export credit.

1981, but the reserve position is strong: \$3.6bn worth of currency reserves and \$1.7bn worth of gold, valued at market prices, provide well over six months' import cover.

The balance of trade has been in the black for the last two years while the current account is estimated to have run up a deficit of \$800m last year. They will certainly be affected by any sharp fall in export income. The debt service ratio is also bound to rise above its estimated level of 25 per cent in 1981.

Senior Algerian officials are adamant they do not intend to raise fresh loans for the time being. Were they to decide to do so later this year they would almost certainly meet with a favourable reception from the banks.



This is the second in an occasional series on how individual members of the Organisation of Petroleum Exporting Countries have been affected by, and are coping with, the glut of oil on world markets.

degree of co-ordination between the myriad of state enterprises, and to encourage agriculture and a greater degree of private investment in certain sectors of industry and services.

While such projects can be costly, they do not call for the very heavy investment that LNG plants, ships and steel required throughout the 1970s. Cutting back certain projects, delaying others or putting them off to the next five-year plan will not fundamentally disrupt what President Chadli is trying to do.

Iran claims another major offensive

BY OUR FOREIGN STAFF

IRAN CLAIMED yesterday to have launched another major offensive in the Gulf war and recaptured a large tract of territory occupied by Iraq.

Tehran radio said its forces had overrun several Iraqi defensive lines and captured hundreds of troops, including a brigadier-general.

The attack, which coincided with the start of the Iranian New Year, is thought to have been launched to the west of Dezful near the town of Shush.

The Iraq News Agency reported however that Iraqi troops were in full control of the area and had inflicted heavy losses on the Iranians.

The Gulf war this week enters its 19th month with neither side able to gain a significant military advantage.

President Saddam Hussein of Iraq has in the past fortnight again emphasised Iraq's desire for a negotiated settlement, but warned that the fighting may continue for at least another two years.

The Iranian response has given no indication of flexibility with Ayatollah Khomeini suggesting that the only honourable course for President Saddam Hussein would be to commit suicide.

The Swapo camp was wiped out in an eight-hour battle. The South Africans who admit they took no prisoners, say they lost three men and killed 201.

Before the operation the South Africans could claim that their major raids deep into Angola last year had largely achieved their aim of throwing Swapo into disarray, reminding the Angolan and Cuban forces to keep clear of the fighting and, above all, destroying the radar and rocket defences that were threatening South Africa's control of Angolan airspace.

Senior South African officers now admit that the Angolans have restored a radar defence line at roughly the Mocomades railway line about 190 miles north of the Namibian border.

The forward Swapo headquarters is said to be 50 miles north of the border. The South Africans insist that they are not occupying southern Angola but agree they have a regular "monitoring and reconnaissance" operation there.

Jakarta's trade surplus up 2.7% despite falling prices

JAKARTA—Despite a sharp drop in earnings from almost every commodity except oil, Indonesia's 1981 trade surplus grew 2.7 per cent from a year earlier to \$13.2bn (\$7.3bn).

A report by Indonesia's Central Bank shows that 1981 exports rose 1 per cent from a year earlier to \$21.9bn, in contrast to surges of 42 per cent in 1980 and 38 per cent in 1979.

national prices and demand and by Government export restrictions on some key commodities, fell 29 per cent to a two-year low of \$4.3bn.

Oil and natural gas exports rose 12 per cent last year to \$17.7bn. That compares with a 62 per cent surge in oil and gas export earnings a year earlier.

fell about 1 per cent to \$8.7bn. The bank's report shows that while imports of some items dropped considerably, a 35-fold surge in precious metal imports and a 28-fold jump in overseas fuel purchases nullified most of the gains.

All but two of Indonesia's major export commodities dropped in value. The biggest declines were in timber and palm products.

most of the decline in exports was due to recent Government policies restricting the overseas sales of those items.

Exports of timber, Indonesia's second-largest export commodity after oil and gas, dropped 50 per cent to \$947.5m.

value to \$72.7m. Exports of palm kernels fell 31.6 per cent in volume, to 22,300 tons, and 44 per cent in value, to \$4.5m.

Hong Kong delays decision on £2bn airport

BY KEVIN RAFFERTY IN HONG KONG

HONG KONG will not decide about building a new international airport until a decision is taken which will secure the future of Hong Kong itself.

If a new airport is built it will be on Chek Lap Kok Island rather than the Deep Bay shores and certainly not inside China, as some people have been pressing.

according to British law, the UK must hand back to China the New Territories, which comprise the greater part of the colony's territory.

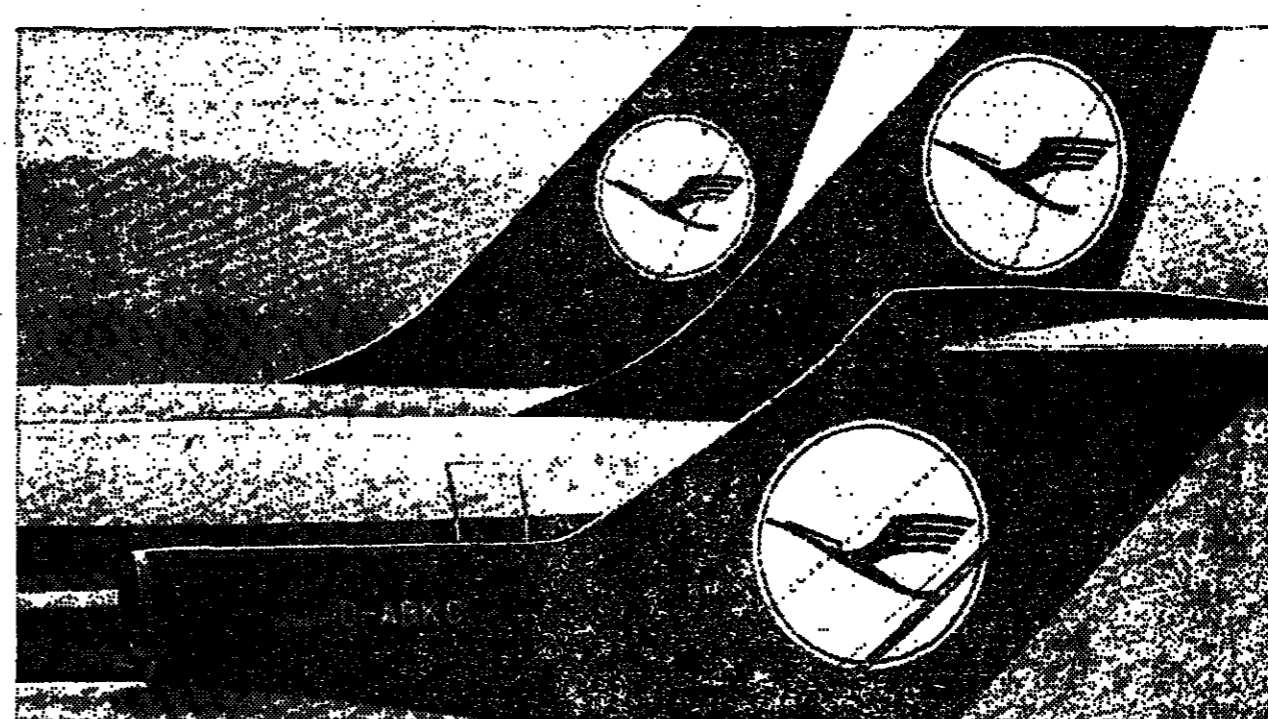
A new airport would be Hong Kong's biggest-ever project, and may cost up to HK\$21bn (£2bn). Such large sums would demand an approach to the international capital markets for at least part of the money.

The forward Swapo headquarters is said to be 50 miles north of the border. The South Africans insist that they are not occupying southern Angola but agree they have a regular "monitoring and reconnaissance" operation there.

They estimate that there are still up to 2,500 Cubans in the southern region of Angola. Total Swapo strength is estimated at 6,000—and the South Africans add that they have been struck by the speed of Swapo recruitment after last year's blows.

The death rate remains high. Thus, in 1981, the security forces lost 61 killed and the local population 199. So far in 1982 21 members of the security forces have been killed and 39 locals.

It's nice to know that some airlines still have class.



Some of our competitors are trying to tempt you with a lot of new promises. Promises of fancy new classes, improved service, more punctuality and so on.

Lufthansa prefers proven standards to promises. So we are not going to compromise on our offer. We offer you an unbeaten punctuality record. We offer you Europe's youngest fleet, with the comfort of the latest 727 and 737 City Jets, as well as the widebody-comfort of the Airbus.

We continue to give you the choice of First Class or our full-service Economy Class including your choice of free drinks on all European flights.

We offer you 16 non-stop flights daily to Germany. And, via Frankfurt, we connect you to every major business or leisure centre in the world.

This is what has made us a leading airline, well-trusted by its passengers. And that's the way it will stay, no matter what the competition offers next as sensational improvements. At Lufthansa they have been regular features for years. After all, we did not become your first-choice airline because we serve free drinks in Economy Class in Europe.



Consult your Travel Agency or our timetable for exact details on all of our flights.

Notice of Redemption Copenhagen Telephone Company, Inc.

(Kjobenhavns Telefon Aktieselskab) 9% Sinking Fund Dollar Debentures Due April 15, 1985

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture dated as of April 15, 1970 under which the above described Debentures were issued, \$606,000 principal amount of the said Debentures have been called for redemption through operation of the Sinking Fund on April 15, 1982, the date fixed for redemption at the redemption price of 100% of the principal amount thereof plus accrued interest to the date fixed for redemption as follows:

Table listing debenture numbers for redemption: 6 610 1256 1849 2330 3069 3794 4387 4888 5389 5900 6484 7034 7544 8078 8594 9171 9845...

The above described Debentures will become due and payable on April 15, 1982 and interest thereon shall cease to accrue.

Payment of the redemption price of 100% of the principal amount of the Debentures will be made upon PRESENTATION and SURRENDER of such Debentures with all coupons appertaining thereto maturing after April 15, 1982 at Citibank, N.A., Receive and Deliver Department, 5th Floor, 111 Wall Street, New York, New York 10043 or the main offices of Citibank, N.A. in Antwerp, Belgium; Nice, France; Paris, France; Berlin, Germany; Dusseldorf, Germany; Frankfurt (Main), Germany; Hamburg, Germany; Munich, Germany; Athens, Greece; Piraeus, Greece; Thessaloniki, Greece; Milan, Italy; Amsterdam, Netherlands; Rotterdam, Netherlands; The Hague, Netherlands; Geneva, Switzerland; Lucerne, Switzerland; Lugano, Switzerland; Zurich, Switzerland; London, England; Belfast, Northern Ireland; Dublin, Ireland; Belgium; Brussels; Citibank (Luxembourg) S.A.; or at the office of Privatbanken i Kjobenhavn, Copenhagen, Denmark; Algemene Bank Nederland, N.V., Amsterdam, Netherlands; Kredietbank, S.A. Luxembourg; Skandinaviska Enskilda Banken, Stockholm, Sweden; Swiss Bank Corporation in Basle, Switzerland; and Deutsche Bank A.G., Frankfurt (Main), Germany, as the Company's paying agents.

COPENHAGEN TELEPHONE COMPANY, INC. By Citibank, N.A., Trustee

Dated: March 16, 1982



entina's  
on  
ement  
merges

Burns to...

...the  
...the  
...the  
...the  
...the

...the  
...the  
...the  
...the  
...the

...the  
...the  
...the  
...the  
...the

...the  
...the  
...the  
...the  
...the

...the  
...the  
...the  
...the  
...the

...the  
...the  
...the  
...the  
...the

...the  
...the  
...the  
...the  
...the

...the  
...the  
...the  
...the  
...the

...the  
...the  
...the  
...the  
...the



# It's time the businessman stopped giving other passengers a free ride.

It isn't paying the full fare that that sticks in the gullet, is it?  
It's knowing that the bloke sitting next to you eating the same food and guzzling the same drink is only paying half fare.  
Well from now on it won't happen on our airline.  
If you pay the full economy fare you get the full treatment:  
Fast check-ins at separate counters.  
A reserved seat in our new EuroClass cabins up front where first class used to be.  
Two or three inches more kneeroom than

British Airways give you, to save you breathing in when the man in front leans back.  
And free drinks to save you the hassle of hunting for loose change.  
Your meal will have a decidedly Scandinavian flavour and come in decidedly Scandinavian size portions.  
And you'll find us even more generous with things that cost very little, orange juice, coffee and hot rolls.  
On the ground, in all our Scandinavian airports, you can unwind in the lounges for EuroClass passengers, buy cocktails, take coffee, make

phone calls or ask us to book hotels and flights for you.  
Yet, with all of this, our EuroClass is the same price as other airlines' economy class.  
We are the only airline to make no surcharge of any sort for its business class on European routes.  
This doesn't exactly make us popular with the other airlines.  
But it's beginning to make us very popular with our passengers.



UK NEWS

How economy marked time in 1981 Whitehall think tank head has market research past

OUTPUT OF THE UK economy was 4 per cent higher in the fourth quarter of last year than it had been in the first quarter...

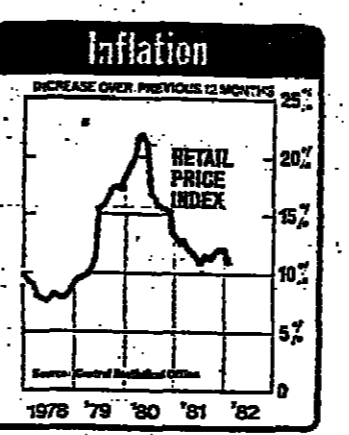
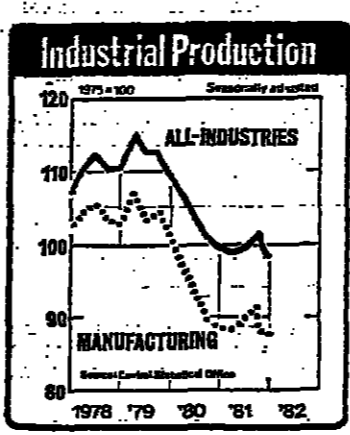
Max Wilkinson looks at the latest figures on a year of stagnation

Total output maintained improvement in final quarter

THE ECONOMY'S total output in the final quarter of last year continued its slow improvement...

spring and early summer of 1981, when the period of destocking came to an end.

What, then is one to make of yesterday's revised figures for Gross Domestic Product (output) which showed a slow but consistent improvement...



Against this rather sombre backdrop, trend indicators are still rising...

This, it is argued, would tend to increase consumers' real spending power as well as helping interest rates to come down...

John Elliott talks to Andrew Duguid, head of the Industry Department's new policy planning unit

He adapted that unit from a policy body that had existed for some years, and made it clear he wanted people to put up ideas about how entrenched policies might one day be changed.

The other members of the unit—all civil servants, aged under 40—are a scientifically trained technologist, an economist, and an administrator.

Subjects likely to be tackled soon are the funding of high technologies, options for selling off state-owned industries...

Londoners grumble but pay up as some fares more than double

THE majority of London Transport's passengers kept within the law yesterday and resignedly paid the increased tube and bus fares.

Telecom launches electronic mail service

BRITISH TELECOM launched its first independent company yesterday to compete with the private sector in offering an advanced electronic mail service...

Committal orders sought against former steel company executives

TWO FORMER executives in the Johnson and Firth Brown steel group face jail for allegedly breaking undertakings and court orders in relation to a pending £6m damages action over an alleged fraudulent conspiracy against four group companies.

Campaign to boost sport sponsorship introduced

A DRIVE aimed at boosting sponsorship of British sport—already a £50m business involving more than 700 companies—was launched by the Sports Council yesterday.

New chairman for SSEB appointed

MR DONALD MILLER, deputy chairman of the South of Scotland Electricity Board (SSEB), is to take over as chairman from Mr Roy Berridge...

New round of North Sea licences being considered

THE GOVERNMENT is considering offering a new round of offshore oil exploration licences, Mr Nigel Lawson, Energy Secretary, said yesterday.

White House

Although Dicom has sales of only about \$8m (£4.4m) it has a substantial share of the U.S. market for electronic mail.

Celltech chief gives guide to innovation

SUCCESSFUL INNOVATION needed a small, committed team backed by a powerful patron, Mr Gerard Fairclough, managing director of Celltech...

Laker starts job as aviation consultant

SIR FREDDIE Laker began his new career as an aviation consultant in a sparsely furnished room in Lornho's City offices yesterday.

Matterson executives buy company

THE MATTERSON crane company has been purchased by a group of its senior management in a deal believed to be worth just under £1m.

Investment

British Telecom has invested about £1m in the new service which it hopes will begin to show a profit by next year.

No evidence yet of rise in house prices

INCREASED ACTIVITY by home buyers is being maintained but this has still not translated into a general rise in house prices, according to the latest monthly survey of house price movements conducted by the Royal Institution of Chartered Surveyors.

Nevertheless, only a general steadying of inflation and an improvement in the unemployment position will result in any marked rise in house prices.

Almost 29 per cent of agents said prices for pre-1979 terraced houses had risen in the three months to February. This part of the market has seen strong demand, particularly from first-time buyers, throughout the recession.

### Polytechnic in Ulster to merge with university

By Our Belfast Correspondent

A MERGER of Northern Ireland's second university and the province's only polytechnic into a new institution with university status will be announced by the Government today.

Mr Nicholas Scott, Parliamentary Under-Secretary at the Northern Ireland Office, will reveal the wide-ranging changes in Ulster's higher education. The Government will also publish a report from the Chilver Committee, set up in 1978, to advise on higher education needs in the 1980s and 1990s.

The Northern Ireland Office yesterday discounted a report that the New University of Ulster, at Coleraine, was to be closed. Detailed proposals being announced today will show that the Government has not accepted the Chilver Committee's recommendations in full.

It is understood that the university, the Ulster Polytechnic, and Magee College, Londonderry — a constituent part of the university — will be brought together under one body.

The university opened in 1968, but has only about 2,000 students compared with the 5,000 originally planned.

## Differences in the way we live

### Robin Pauley on a statistical breakdown of Britain

PEOPLE living in the south eat the most fresh fruit in Britain — about 1½ lb per person a week — while Scots and northerners are ahead on bread, cakes and biscuits, and the Welsh and Midlanders are more partial to ham and bacon.

These are among the facts in Regional Trends, an analysis from the Central Statistical Office of various aspects of life on a regional basis which accompanies Social Trends, a national analysis of the way we live.

The book confirms the census indications of the extent to which urban areas have been losing their populations during the 1970s. Greater London lost 10 per cent and Merseyside 9 per cent while the more rural East Anglia and south west both gained. Scotland lost 2 per cent of its total population between 1971 and 1981, with central Clydeside losing 10 per cent.

The south west — England's retirement Riviera — has the greatest proportion of people over 65 (17 per cent) and Northern Ireland has most people under 15 (27 per cent).

About a quarter of 18-year-olds stayed on at school in 1978-1979, ranging from 19 per cent in the north to 28 per cent in Wales and 32 per cent in the south-east. The south-west had the lowest percentage of school-leavers with no graded examination results that year (9 per cent) and Wales the highest (25 per cent).

The south-east is consistently

ahead in exam results with the highest proportion with at least five O levels (28.5 per cent), one or more A levels (18 per cent) and 2 or more A levels (15 per cent). The north is bottom of all these leagues.

Northern Ireland has the lowest marriage rate, the highest infant mortality rate and the lowest number of illegitimate births (6 per cent). The north has the highest marriage rates and the north-west has the highest illegitimate birth rate (18 per cent).

The average price of homes in the UK in 1980 was 18 per cent higher than in 1979. The biggest rise was in East Anglia, up 24 per cent, and the lowest in Northern Ireland, up 8 per cent.

The Northern Ireland population fares worst in the heart disease death rate but best in the cancer league. The Welsh appear to have the highest proportion of people who become sick without dying, however, as they head the league for the number of prescriptions issued per person.

The unemployment figures during the two June years to June 1981 were most depressing for Wales which lost 3 per cent of its civilian working population. Manufacturing industries fared exceptionally badly losing

23 per cent of their male employees in Wales followed by 20 per cent in the West Midlands.

The south east had the highest average gross weekly income per person in 1978-80 (£57) and per household (£183) with Northern Ireland the lowest at £38 and £113.

Households in the north and north west spent more than those in other regions on alcoholic drink — while the Scots and Irish spent most on tobacco.

Other points included: ● Northerners eat most eggs and fish. ● Yorkshire and Humberside is the cheapest area to buy a house. ● East Midlanders drink the most milk.

● East Anglia has Britain's lowest death rate.

● Greater London has highest GDP per head in UK, 25 per cent above the national average.

● South east has the highest rate of legal abortions.

● South west has highest proportion of owner-occupied dwellings.

● Unemployment in West Midlands jumped by 69 per cent between July 1980 and July 1981.

● North west is UK's most densely populated area — 830 people per square kilometre.

● Welsh housing stock is the oldest in Britain with nearly a quarter built before 1891.

● Scottish GPs have the lowest average number of patients on their lists.

● Northern Ireland has lowest proportion of ownership of washing machines, refrigerators, TV sets and central heating in UK.

● Regional Trends 1982. Central Statistical Office, HMSO, £15.95.

### Aberdeen University TV goes commercial

THE FIRST university-based commercial television company in Scotland was launched yesterday in Aberdeen.

Aberdeen University Television, Antel, was formed from the existing university television service, which was established 11 years ago to produce educational television programmes.

Antel, winner of the Royal Television Society Scottish educational award for the past six years, will be one of several similar companies from Aberdeen marketing their expertise commercially against a background of Government cuts in university funding. It will operate under a holding company, Aberdeen University Research and Industrial Services, Auris, which was formed last September.

Projects already undertaken for the offshore industry include a gas detection film for BP, helicopter survival for Bristow, industrial management for the supply company Seaforth Maritime, hyperbaric welding for a leading diving company and the effects of noise-induced hearing loss for Shell.

Auris companies will be non profit-making. Projects already undertaken for the offshore industry include a gas detection film for BP, helicopter survival for Bristow, industrial management for the supply company Seaforth Maritime, hyperbaric welding for a leading diving company and the effects of noise-induced hearing loss for Shell.

### Extra £½m for Land Rover plant in Wales

BY JOHN GRIFFITHS

A FURTHER £½m is being pumped into a Wales-based venture to build specialised Land Rovers.

Hotspur Armoured Products set up the new plant last year at Pendulais, near Swansea. A Hotspur board member said yesterday the extra capital was needed because the build up of orders had been slower than expected and there had been changes of vehicle specification.

The Government provided some £100,000 of the original funding of £1.02m, under regional aid schemes. The other £920,000 and the latest £½m come from private investors, including the National Coal Board Pension Funds and Mercantile Investment Trust.

The venture was originally set up to build a six-wheel drive version of the Land Rover, the chassis of which is lengthened and strengthened. The vehicle was developed by SMC Engineering of Bristol and all the rights to it were sold to Hotspur last year.

Hotspur originally expected to make between 350 and 400 this year, but total output by the end of October is not expected to exceed 100. Hotspur said yesterday the market was "very different from that anticipated, and the product mixture has been changed considerably to meet it."

A major part of Hotspur's longer-established activities is

armour-plating (it is a contractor to Rolls-Royce, among others) and it developed the first armoured Land Rovers for use in Northern Ireland.

Hotspur is continuing to build the six-wheel-drive Land Rovers, but is placing greater stress on armouring the vehicles — they are primarily for military customers — and similarly equipping other Land Rovers. It recently acquired a £1m contract to armour four-wheel-drive Land Rovers for the Egyptian security forces.

Part of the extra financing is apparently to cover the investment in equipment and materials for the Egyptian order.

Hotspur said at the time of the venture's launch it would eventually employ 100 people. Currently, the company says, it is building "towards the 40 mark" to cope with the Egyptian order.

SMC Engineering meanwhile has developed a forward control version of the Land Rover — the driver sits above and slightly ahead of the front axle. It is being produced as a joint venture with Langwell Green coachworks of Bristol. SMC is marketing the vehicle itself initially, but is expecting shortly formal manufacturing approval from Land Rover, which will then help market it. The latest SMC product is also aimed primarily at military users.

### Blaenau's £1.4m railway station to aid tourism

BY ROBIN REEVES, WELSH CORRESPONDENT

A NEW £1.4m railway station which, it is hoped, will encourage the local economy, was officially inaugurated at Blaenau Ffestiniog, North Wales, yesterday.

The town's station has been redeveloped on a new site to provide a direct link between British Rail's Conway Valley line and the Ffestiniog narrow gauge railway and to give the once thriving slate mining community a bigger slice of the regional tourist trade.

The station will take tourists right to Blaenau Ffestiniog's town centre, fulfilling an age-old dream of its civic leaders.

The slate mines still enjoy a demand from the building trade for specialist applications. They have been transformed into prizewinning tourist attractions. Now they can be integrated through the railway system, with north and mid-Wales coastal resorts where most of the tourists stay.

A measure of expectations of the benefit the station may bring to the local economy is

that no fewer than six public authorities have agreed to contribute towards its cost. They range from the local district council (£116,000) to the Welsh Office and EEC, which have provided some £300,000 each in grants.

The Development Board for Rural Wales is building a block of craft workshops close to the station as part of the redevelopment. The project would probably not have been possible but for a successful legal battle fought by the largely amateur Ffestiniog Railway Company in 1960, which forced the Central Electricity Generating Board to compensate for drowning original rail route to the town for an electricity pump storage scheme. The victory gave the Ffestiniog Railway the funds required to build a fresh route for its track across some of the most rugged terrain in the country. BR says it will do everything it can to boost traffic through special concessionary tickets.

Men and Matters, Page 20

### Plans to develop Preston docks as an estate

BY NICK GARNETT

DETAILED proposals for redevelopment of the former Preston Docks closed last year after a history of almost continuous loss-making, were unveiled yesterday by four consortia.

The schemes, ranged in cost from £50m to £100m, involving leading construction companies. They included varying mixes of industrial, housing and leisure developments.

Some major employers, including GEC and British Aerospace, have already shown interest in the proposals. Redevelopment of the 450-acre dock area is seen in Preston as a means of regenerating its industrial base, seriously weakened by the recession. But the schemes face a hard task in attracting industry, with some competition only a stone's throw away.

This competition includes the Red Scar site of the Courtaulds plant, which shut down two years ago. The site has been purchased by Central Lancashire Development Corpor-

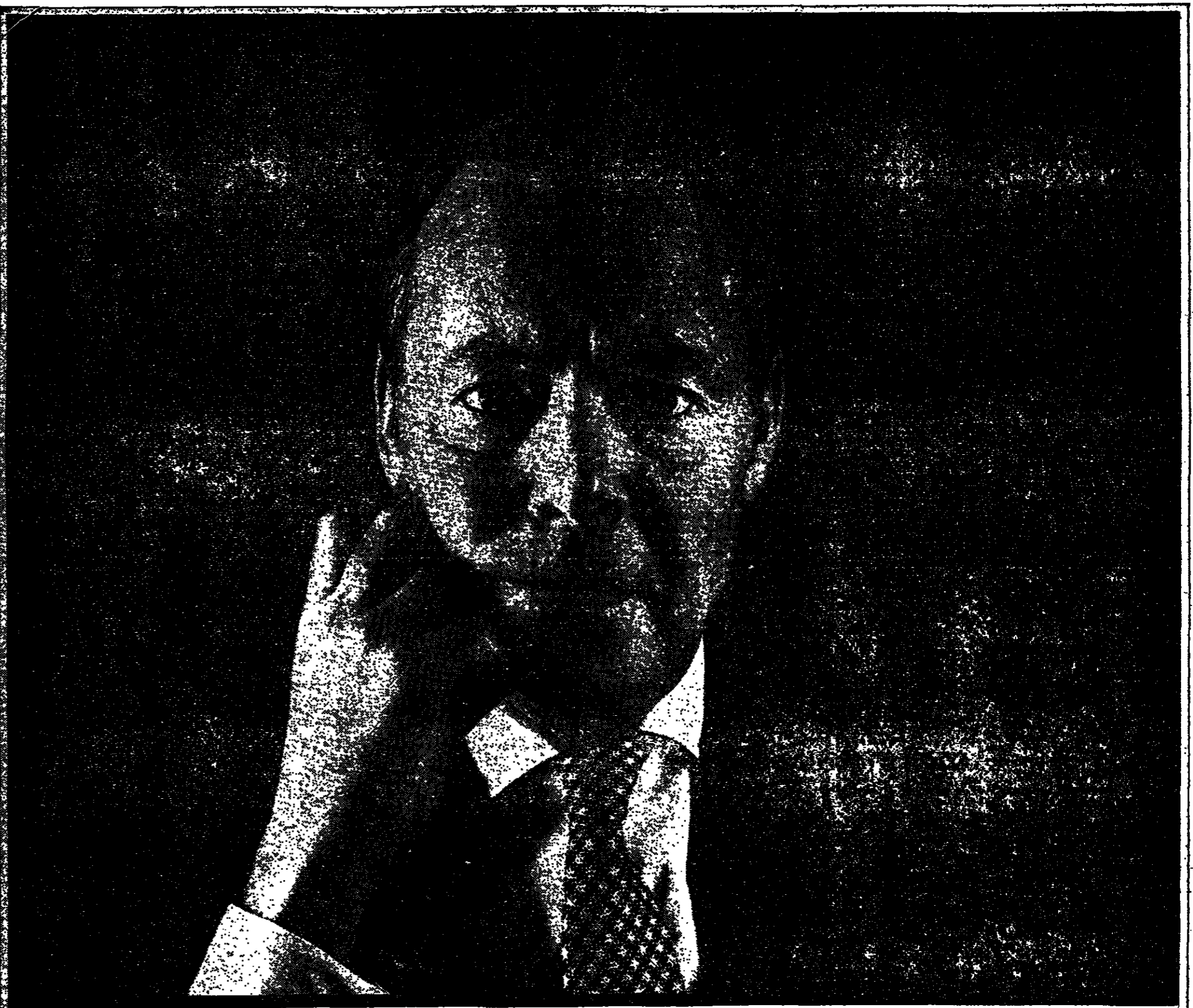
ation for an industrial estate. The four development proposals come from Riverside Development — a partnership between Wimpey and some Preston companies; Henry Boot; a consortium formed by John Mowlem; and Preston Guild Development.

The schemes could provide long-term jobs for 2,000 to 6,000 people and all feature leisure facilities centred around a 45-acre lake.

The borough council, which will be assessing over the next few months which of the schemes are the most attractive, believes that the water gives the site a unique attraction.

Apart from the Courtaulds shutdown with the loss of 2,800 jobs, the town has seen the death in the past few years of the Seddon Askinson truck plant, the A.S. Orr cotton mill and one of the two Thorn lighting plants.

After the recent Leyland job losses, unemployment in the Preston area is likely to rise to 13.7 per cent.



## FEAR IS THAT WHAT'S HOLDING INDUSTRY BACK?

The decline of industry could be attributed to management's fear of making the wrong decisions. Or in some cases, making any decisions at all.

And when it comes to deciding upon a computer system (a resolution that takes a little more wit than most), you'd be surprised how many managers go for the easy option of IBM.

Don't get us wrong though. We're not knocking the qualities of IBM. But we are suggesting that there is a more positive choice. A company that provides a fully compatible alternative.

National Advanced Systems. With the financial strength and manufacturing expertise of National Semiconductor behind us, we offer a systems support and maintenance service that Datapro rate as the best in Europe.

Which goes a long way to explain why NAS has become the world's largest supplier of IBM compatible

computer products.

We've more customers and more installations at more locations than any other PCM computer company.

Just some of the facts that convinced the likes of British Airways, Unilever and Guardian Royal Exchange to choose National Advanced Systems.

So, when deciding upon a new computer system, talk to us first. Always providing of course, you're not afraid to do so.

**National Advanced Systems**

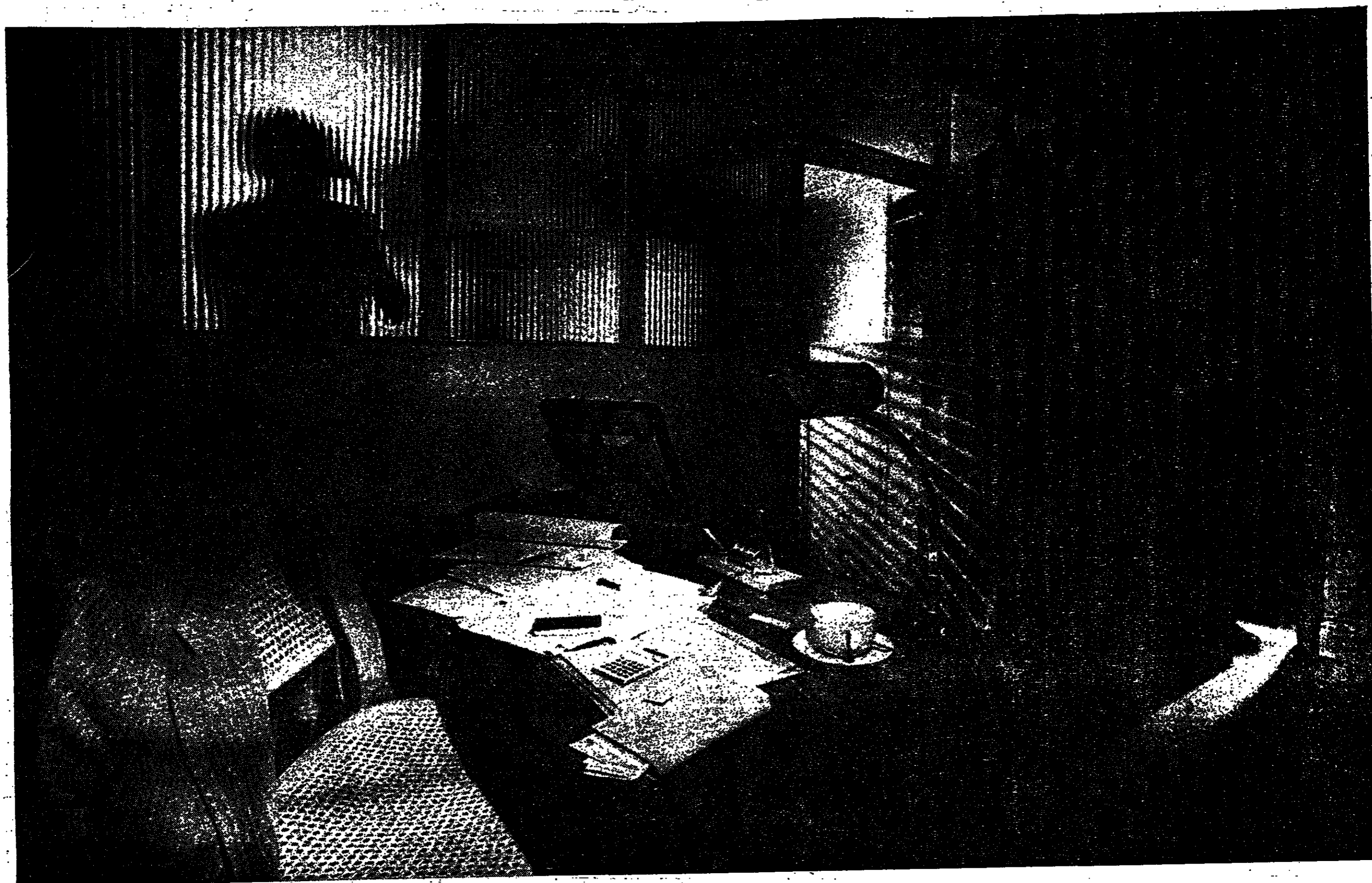
A Division of  
National Semiconductor (UK) Limited  
65 Staines Road, Hounslow TW3 3HF  
Telephone: 01-570 2323

Exploring  
Developing  
Producing  
Refining  
Transporting  
Marketing  
Energy

**MAPCO INC.**  
Tulsa, Oklahoma 74119







# "I'd left \$1600 in my wallet and it wasn't in American Express Travellers Cheques.

## The phone rang in the office next door..."

I was working late in our overseas office and everyone else had gone home.

The bell was getting on my nerves so I went to answer it. While I was talking I suddenly had a scary feeling. Someone was next door.

My mind flashed back to the wallet on my desk. It had all my travel money in it.

I slammed down the phone and ran back into my office expecting to find a thief. It was only the cleaner.

It was an embarrassing moment, but it taught me a lesson. In future I'd carry most of my money in American Express Travellers Cheques.

Why American Express? Here are some facts about them that will surprise you as much as they surprised me:

1. If your American Express Travellers Cheques are lost or stolen, you can get them replaced while you're still travelling, so your trip isn't ruined.

You don't have to wait till you return home.

2. American Express can refund your

cheques even if it was entirely your fault that you lost them.

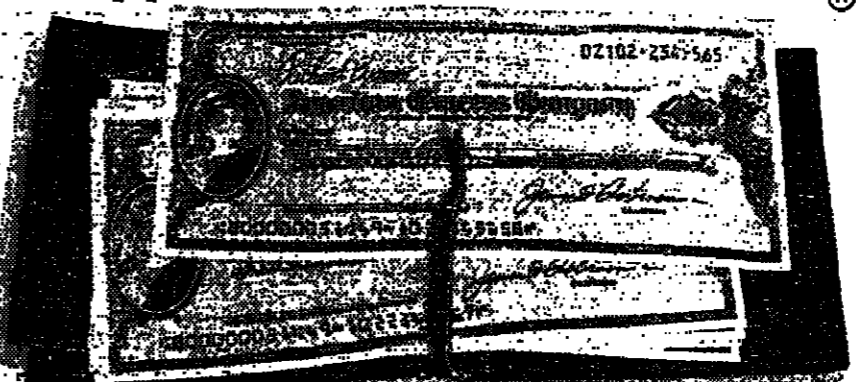
3. The reason that American Express Travellers Cheques can be refunded so fast is that American Express is a world wide organisation. There are Travel Service Offices of American Express Company, its subsidiaries or Representatives in 160 countries around the world. So the chances are that they're on the spot to help you when you need them.

4. American Express invented the travellers cheque in 1891. Today they operate the world's most experienced refund system.

5. American Express is a world famous name. People recognise it and trust it, so you'll find countless hotels, shops and restaurants around the world where they're happy to accept American Express Travellers Cheques just like cash. This means that you don't always have to go to a bank to change them.

American Express Travellers Cheques are available in US Dollars, a currency that's understood around the world, as well as in other major currencies.

Next time you travel abroad, take the world's leading travellers cheques. There's no safer way to carry your money.



American Express Travellers Cheques.

THE MANAGEMENT PAGE: Small Business

EDITED BY CHRISTOPHER LORENZ

Why a buy-out became a sell-out

ClinPath failed to survive after leaving its former parent. Tim Dickson reports

THANKS to the warm feeling of security that usually goes with working for a large American corporation...

sold its business for an undisclosed sum to the UK operation of Metpath Inc...

Ironically the three managers (including Dr Craig) and 15 other ClinPath employees...

No return

Most of the 26 other ClinPath staff have found jobs elsewhere but sadly there is unlikely to be any return for the ordinary shareholders...

ClinPath's two institutional supporters—the Industrial and Commercial Finance Corporation (ICFC) and Keyser Ullmann...

Management mistakes were partly to blame, though ill luck was also responsible for the financial and marketing difficulties...

Late last year the manager-shareholders finally decided to look for a buyer and after negotiations with a number of other companies ClinPath eventually

herited and were stuck with a structure which was appropriate when some of the costs were being absorbed by a large organisation...

"As it was we took on far too many people, too many of whom had become dependent on the corporate cushion."

The costs and administrative problems were compounded by the division of ClinPath's activities between High Wycombe and London...

"We had two units each doing different work," recalls Craig. "But I am sure that it would have been more efficient if we had all been in one building."

As it was the company finally sold Harley Street to a UK rival at the beginning of 1981 to concentrate on the High Wycombe operation...

to be devoted to areas where we were better equipped," says Craig. "In retrospect we should have sold Harley Street earlier...

Another major difficulty for ClinPath was marketing in the years before independence the diagnostic division's services had been sold to export clients by the parent company's travelling salesmen...

Although these efforts paid off in terms of new volume profits from this overseas business did not show a commensurate rise. More competitors had entered the market forcing ClinPath to dip its margins...

Debtors

ClinPath was also hit by a series of less predictable setbacks. The Irish postal strike, for example, came as a devastating blow shortly after trading started in 1979...

income for a six-month period put a severe strain on the company's cash flow.

Collection of "receivables" was always a major headache but the pain of ClinPath's debtors in Zambia never went away. Invoices totalling £35,000 were sent out between October 1979 and July last year...

Management time is always precious in a struggling company and much of Craig's energy in the last two years was spent trying to recover £33,000 of VAT repayments owed, he claims...

The dispute, which so far is unresolved, centres on a C and E decision to deregister ClinPath in 1980 and has involved Craig in a mountain of correspondence...

ClinPath's mounting debts were temporarily cut down to size by the proceeds of the Harley Street sale at the beginning of 1981...



More optimistic times: Dr Alan Craig (left) in ClinPath's laboratory shortly after the buy-out was completed in 1979. Today, he can diagnose several reasons for the company's demise.

sales growth, however, was not great enough to compensate for the costs involved—new capital equipment, new stock, chemicals and glassware—in building up the High Wycombe operation. As borrowings increased, pressure from the banks to perform better became that much greater...

"This is obviously attractive to a lot of small businesses but I do not think that it is necessary in their best interests."

"We are concerned to support management teams who will then run the business. Most neither want nor need additional support. Where we feel there is an imbalance at the outset we would help the managers find a suitable non-executive director with the missing expertise."

"We endeavour to monitor progress and where problems occur provide constructive help. Nevertheless there will be failures."

Aiming to make it in the UK

POLAROID (UK), which claims to be Europe's largest camera manufacturer, will be making around £1m of business available to small companies at the "Can You Make It?" exhibition...

In brief...

WITH NEW buy-outs being announced almost weekly, the latest idea is a Management Buy-Out Association (MBA). The proposal comes from George Bloomfield...

GRANTS amounting to 35 per cent of the cost of converting redundant farm buildings...

the Ministry of Agriculture Fisheries and Food's Less Favoured Areas in Cumbria, Durham, North Yorkshire (though not in the North York Moors), Staffordshire, Derbyshire, Shropshire, Hereford and Worcester. The new scheme will be administered on behalf of the Development Commission by the Council for Small Industries in Rural Areas (CoSIRA)...

IF THE Confederation of British Industry's Quarterly Trends Survey had a category for small business books, it

would surely show that this sector is booming. The CBI itself has just published Finding Money for your Business, a new guide for those wanting to start up or expand a small business. It covers general financial considerations (eg how to improve cash flow), the broadly different business requirements (start up, development, exports), specific types of money and public sector assistance.

There is a lot of overlap with the Bank of England's Money For Business but the CBI version is easier to read and the cross-references are useful.

The only drawback is a paucity of names and addresses, even though the

main associations are listed.

\* Price £3.50. Available from CBI Publication Sales, 103 New Oxford Street, London WC1A 1DU.

"WHAT do Sir Freddie Laker, the woman who runs the corner shop and your local plumber have in common?"

Until recently the response to this question, which is published rhetorically in back-up material for the "Be Your Own Boss" television series, was pretty obvious. There is still, though, no need to hesitate with the answer—none of them travels. Free with British Airways.

T. D.

Advertisement for 'Win the pot of gold at the end of this rainbow' featuring an illustration of a rainbow and a factory. Text describes the 'Expanding Northampton New Horizons Competition' and includes a coupon for entry details.

Advertisement for Western American Financial Corporation, an opportunity to invest in one of the fastest growing States in the USA. Includes contact information for James Andrew & Partners.

Advertisement for Cash Voucher, offering 75% cash against invoices. Includes contact information for Confidential Invoice Discounting Limited.

Advertisement for Cash flow problems? Then cash this! Need cash now? You've got it right there on your books! Includes contact information for JARROMS.

Advertisement for TURN INVESTMENT INCOME INTO EARNED INCOME, featuring TAX DEDUCTIBLE BENEFITS and 66% REDUCTION IN YOUR CAPITAL TRANSFER TAX LIABILITY.

Advertisement for Oil Blending Facilities Required in the UK. Our client a multi-national lubricant manufacturer and marketer seeks the provision of the following facilities.

Advertisement for PRIVATE LIMITED COMPANY with substantial resources seeks investment in newly completed industrial buildings.

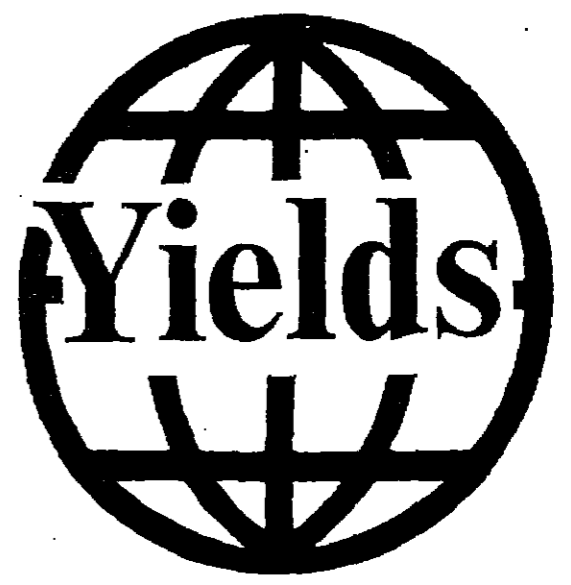
Advertisement for 100% CAPITAL ALLOWANCES. Lease Broker writing £2m a year in small unit agreements is looking for Corporators Lessor or Finance House able to provide funds on a regular basis.





FINANCIAL TIMES

# Eurobond Quotations and Yields



The Association of International Bond Dealers

at 28th February 1982

The Association of International Bond Dealers (AIBD) compiles current market quotations and yields for Eurobond issues.

These quotations and yields are published monthly by the Financial Times. The Association's prices and yields are compiled from quotations obtained from market-makers on the last working day of each month.

There is no single stock exchange for Eurobonds in the usually recognised sense—secondary market trading business is done on the telephone between dealers scattered across the world's major financial centres.

Membership of the AIBD (which was established in 1969) comprises over 550 institutions from about 30 countries.

## Eurobonds in February

BY OUR EUROMARKETS STAFF

THE FLOOD of zero coupon issues the Eurodollar market saw in January slowed to a trickle then reached a standstill in February.

In the first half of the month a total of only six new zero coupon bonds were launched with a nominal value of \$1.65bn. The actual amount raised was \$353.9m (£195.4m).

Gaz de France was first in the market, with a second \$150m zero coupon in less than a week, through Credit Commercial de France. This issue

was priced at 19.55 per cent to give a yield of 14.42 per cent. In the same week, General Motors Acceptance Corporation (GMAC) came again to this sector, through Salomon Bros, with a \$400m ten-year issue, the third zero coupon for GMAC in three weeks, offering a yield of 14.5 per cent. CSFB also announced a \$125m 12-year zero coupon bond for Pepsico, priced to yield 14 per cent.

Three more zero coupon issues were launched in the second week of the month. Gulf Oil launched a \$300m

ten-year bond through Dean Witter Reynolds, Deutsche Bank and UBS (Securities). This was also priced to yield 14.5 per cent. The two other zero coupon bonds were for General Electric, with Morgan Stanley and Goldman Sachs as the lead managers. Both issues, one \$50m for 13 years, and the other \$200m, for 12 years, were to give a yield of 14.47 per cent.

This was the last of zero coupons in February until Swedish Export Credit announced at the end of the month

that it was raising \$200m in a 12-year bond, priced to yield 14.5 per cent and Morgan Stanley and Goldman Sachs were the lead managers.

The stemming of the tide of zero coupon bonds could be partly due to signals from the Japanese Finance Minister calling a halt to the sale of foreign-issued zero coupon bonds to residents because they provided a tax shelter for individual Japanese investors as well as causing substantial capital outflows.

Fixed interest paper looked as though it was going out of fashion in February as a number of floating rate and adjustable rate bonds were issued. Two French borrowers were the first on the market.

On February 3, Societe Generale, through Samuel Montagu, launched a \$250m 12-year issue, to be sold in \$100,000 denominations appealing only to large investors and banks. Later that week Credit National, the state financing agency, offered \$200m 12-year paper, through Paribas, Salomon Bros, BNP and Goldman Sachs.

Both issues, with a spread of a quarter over six month Libor, and with a 5 1/2 minimum coupon, sold quickly.

Societe Generale came back as lead manager of the \$50m 10-year floating rate note for the Italian public financial institution IMI, again with a minimum coupon of 5 1/2 and a spread of a quarter over six month Libor.

Sweden set a new record in coming to the market with a \$650m FRN (increased from an original \$400m) through CSFB.

A \$100m 10-year FRN was launched also for Denmark through lead managers Citicorp Intl, Chase Manhattan, Fuji Intl and Morgan Guaranty.

SOFTS—the Swiss subsidiary

below the London interbank bid rate at the time of interest rate fixing.

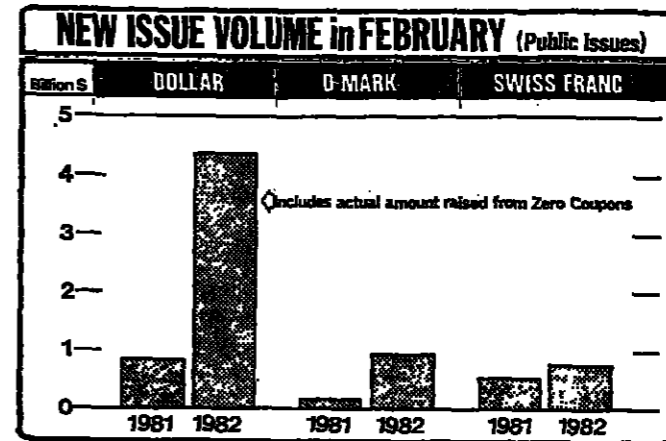
In the latter half of the month, the National Bank of Abu Dhabi launched a \$40m 10-year floating rate note for Multibanco Com-merces of Mexico.

In addition to floating rate notes, bonds with adjustable rates became a feature of the Eurodollar sector. Such issues can usually be redeemed after each three years and the borrower has the right to set a new interest rate. Adjustable bonds were launched for both Mexico and Citicorp.

Interest rates dropped towards the end of February, prompting a massive \$1.2bn of new fixed interest issues in the last week of the month. Most of this paper seems to have been placed with relative ease, as it was generally of good quality.

In Germany, the D-Mark foreign bond calendar was set, on February 8, for a two-month period, and presented the longest queue of issues yet arranged, with DM 2.3bn of new paper. Traders were concerned about the poor quality of some of the borrowers' names.

In the Eurodollar, D-Mark and Swiss Franc secondary market prices rose during the second half of the month to compensate for a poorer beginning to February. This reflection of the falling interest rates meant that prices in all three sectors ended the month on an upward trend.



GROUP HEADINGS	PAGE	GROUP HEADINGS	PAGE	GROUP HEADINGS	PAGE
US Dollars—Algeria	II	US Dollars—New Zealand	II	Japanese Yen	IV
—Argentina	II	—Norway	II	Kuwaiti Dinars	IV
—Australia	II	—Panama	II	Kruger (Denmark)	IV
—Austria	II	—Papua	II	Kroner (Norway)	IV
—Belgium	II	—Portugal	II	Luxembourg Francs	IV
—Bolivia	II	US Dollars—Singapore	II	Saudi Riyals	IV
—Brazil	II	—South Africa	II	Sterling/DM	IV
US Dollars—Canada	II	—Spain	II	Australian Dollar/DM	IV
—Columbia	II	—Sweden	II-III	External Sterling Issues	IV
—Denmark	II	US Dollars—Switzerland	III	Sterling Floating Rate	IV
—Finland	II	—Venezuela	III	Special Drawing Rights	IV
US Dollars—France	II	—United Kingdom	III	Convertibles—Australia	IV
—Germany	II	—United States	III	—Canada	IV
—Greece	II	US Dollars—Multinational	III	—Denmark	IV
US Dollars—Hong Kong	II	—Supranational	III	Convertibles—France	IV
—Hungary	II	US Dollars—Floating Rate	III	—Hong Kong	IV
—Iceland	II	Australian Dollars	IV	—Japan	IV
—Iran	II	Austrian Schillings	IV	—Luxembourg	IV
US Dollars—Ireland	II	Bahraini Dinars	IV	—Netherlands	IV
—Israel	II	Canadian Dollars	IV	Convertibles—Singapore	IV
—Italy	II	Eurodollars	IV	—S. Africa	IV
US Dollars—Japan	II	Euro Composite Units	IV	—Sweden	VI
—Korea	II	Euro Currency Units	IV	—Switzerland	VI
—Luxembourg	II	Euro Units of Account	IV	—U.K.	VI
—Mexico	II	French Francs	IV	Convertibles—U.S.	VI
—Netherlands	II	Hong Kong Dollars	IV		

The table of quotations and yields gives the latest rates available on February 26, 1982. This information is from reports from official and other sources which the Association of International Bond Dealers considers to be reliable, but adequate means of checking its accuracy are not available and the Association does not guarantee that the information it contains is accurate or complete.

All rates quoted are for indication purposes only and are not based on, nor are they intended to be used as a basis for, particular transactions. In quoting the rates the Association does not undertake that its members will take in all the listed Eurobonds and the Association, its members and the Financial Times Limited do not accept any responsibility for errors in the table.

COMPILED FOR THE ASSOCIATION OF INTERNATIONAL BOND DEALERS BY DATASTREAM INTERNATIONAL LTD

New issue. These securities having been sold, this announcement appears as a matter of record only. February 1982.



## Altos Hornos de México, S.A.

(A company incorporated in Mexico with limited liability and a member of the Sidermex group of companies)

U.S. \$100,000,000  
Floating Rate Notes due 1987

Lloyds Bank International Limited  
Bank of Tokyo International Limited Banque Nationale de Paris  
Banque de Paris et des Pays-Bas  
Crédit Lyonnais Sumitomo Finance International



This announcement appears as a matter of record only.



PHILIP MORRIS  
INCORPORATED

US \$8,424,869

Medium-term Italian export credit relating to a contract with

Sasib S.p.A.

With an interest subsidy granted by

Istituto Centrale per il Credito a Medio Termine  
- Mediocredito Centrale

Italian Paying Agent

Banca Nazionale del Lavoro

The facility has been arranged and the funds will be provided by

Morgan Grenfell & Co. Limited

Table with multiple columns: Country, Currency, Issue, Price, Yield, etc. Includes sections for US Dollars-Australia, US Dollars-Canada, US Dollars-France, US Dollars-Italy, US Dollars-Japan, US Dollars-Switzerland, US Dollars-UK, US Dollars-West Germany, US Dollars-Netherlands, US Dollars-Benelux, US Dollars-Scandinavia, US Dollars-Southern Africa, US Dollars-Other.

Table with multiple columns: Country, Currency, Issue, Price, Yield, etc. Includes sections for US Dollars-Australia, US Dollars-Canada, US Dollars-France, US Dollars-Italy, US Dollars-Japan, US Dollars-Switzerland, US Dollars-UK, US Dollars-West Germany, US Dollars-Netherlands, US Dollars-Benelux, US Dollars-Scandinavia, US Dollars-Southern Africa, US Dollars-Other.

Main table containing financial data for various companies and sectors, including columns for company names, stock prices, and other financial metrics.

Continuation of the financial data table from the previous page, listing various companies and their corresponding market values.

Main table of financial data with columns for instrument type, issuer, maturity, price, and yield. Includes sections for US Dollars, Canadian Dollars, and various international instruments.

Continuation of the main table of financial data, covering a wide range of international and domestic instruments.



WestLB Euro-Deutschmarkbond Quotations and yields

Main table of WestLB Euro-Deutschmarkbond Quotations and yields. Columns include Issuer, Maturity, Bid Price, Current Yield, Yield to Maturity, and Conversion Factor. Rows list various international and domestic bonds from issuers like ADEBA, African Dev. Bank, ESCOM, and various national governments.

WestLB SD Certificates (Schuldschein-Index)

5 years maturity: 9.75%

Table of WestLB SD Certificates (Schuldschein-Index) with 5 years maturity at 9.75%. Columns include Issuer, Maturity, Bid Price, Current Yield, Yield to Maturity, and Conversion Factor. Rows list certificates from issuers like Banco N. Orens, Banco N. Orens, and various national governments.

WestLB logo and contact information for current prices and further information. Includes addresses in Düsseldorf, London, and Luxembourg, along with telephone numbers for different departments.

Westdeutsche Landesbank Girozentrale logo and contact information for leading marketmakers in Eurobonds. Includes addresses in Düsseldorf and London, along with telephone numbers.

WestLB Euro-Deutschmarkbond Yield Index

Table of WestLB Euro-Deutschmarkbond Yield Index for Feb. 26, 1982 (10.22%) and Jan. 29, 1982 (10.23%). Columns include Issuer, Maturity, Bid Price, Current Yield, Yield to Maturity, and Conversion Factor. Rows list various international and domestic bonds.

Table of financial data with multiple columns for various categories like 'CONVERTIBLES-ITALY', 'CONVERTIBLES-JAPAN', etc. Includes columns for 'PRICE', 'YIELD', and 'MATURITY'.

WestLB Euro-Deutschmarkbond Quotations (Continued)

Table of WestLB Euro-Deutschmarkbond Quotations with columns for 'Issue', 'Maturity', 'Current Yield', 'Yield to Maturity', and 'Life'.

INVESTMENT FUNDS

The following funds include Eurobond issues within their portfolios

Quotations & yields as at 28th February, 1982

Table of Investment Funds with columns for 'Funds', 'Price', 'First Issue Price', 'Yield %', 'Div. Date', and '1/3/81 High'. Includes sub-sections for 'REGION 1 - BELGIUM', 'REGION 2 - FRANCE', etc.

THE ARTS

Wigmore Hall

Songmakers' Goethe

It is 150 years since Goethe died. Commemorations are variously afoot, even in London...

Wassern" to match their prelude Brahms "Warum?" and for further variety there were duets by Brahms and Schubert.

Wigmore Hall

Melos Quartet

Because it included Shostakovich's eighth quartet, Saturday's recital by the Melos Quartet of Stuttgart was squeezed into the Wigmore Hall's "Russian Series."

A tendency to "iron out" extremes of expression could be detected also in the Shostakovich, but music which lives on its nerve ends as the eighth quartet does can benefit from a more considered, less neurotic approach.

London galleries

Ben Nicholson & Harold Gilman

by WILLIAM PACKER

Longevity is a great distinguisher: Ben Nicholson, who died early last month at the age of 87, was without doubt one of the three or four most distinguished British artists not just of his generation but of his time.

Nicholson was never particularly the innovator, nor even the did he exert what might be called a lasting direct influence.



Artist's Mother in Bed by Harold Gilman

enjoy any independent reputation, and such are the habits of art history and criticism that he is unlikely to escape now.

His drawing is strong and direct, his handling of paint instinctive and unforced, and more than that, at his best which might have been his most characteristic, his colour is radically inventive and exploratory.

THEATRES

ALBANY, S. 835 3878. Credit cards 378. 835 3878. Credit cards 378. 835 3878. Credit cards 378.

Brent Town Hall

Guinness Prizewinner by ANDREW CLEMENTS

The composition prize awarded jointly by the Guinness Company and the London Borough of Brent takes the most practical possible form for a young composer: the commission and performance of a short orchestral work.

Turnage handles both his thematic reservoir — some of it derived from a John Coltrane solo which gives the work its title — and his orchestral forces expertly.

progressions and the luminosity of the orchestration. The two instrumental solos, for cello and cor anglais, which dominate the first and last sections, are grateful musical images in their own right, and were gratefully played by the Smith Square Orchestra.

images in their own right, and were gratefully played by the Smith Square Orchestra. The two instrumental solos, for cello and cor anglais, which dominate the first and last sections, are grateful musical images in their own right, and were gratefully played by the Smith Square Orchestra.

Round House

Camden Jazz

by KEVIN HENRIQUES

The revolutionary music of the Association for the Advancement of Creative Musicians (AACM) hung heavily over the six days of the latest Camden Jazz Week which ended on Saturday.

Black Music, as far as it is possible to go without resorting to electronics. It is hard to conceive where they can take the music now.

Old Red Lion

In Kanada by ROSALIND CARNE

Hard facts can pose as many problems for the playwright as pure invention, but here is a highly effective marriage of dramatic contrivance and the stuff of history.

the news of the recent imprisonment by the Government he serves, of his old friend Honi, one of the few Jews to escape in the war.

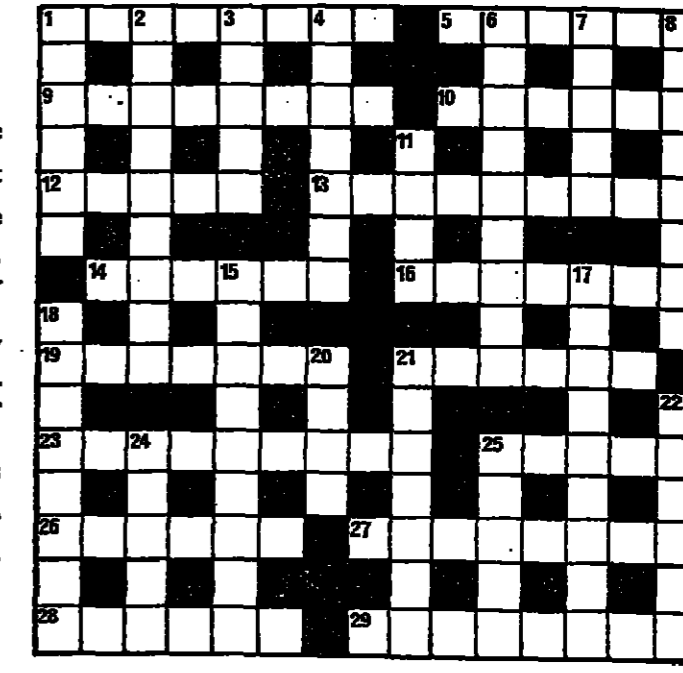
British Horn Festival

The third British Horn Festival will take place on Saturday April 10, at the Guildhall School of Music and Drama, Stik St, in the Barbican.

Munich Philharmonic Orchestra, Daniel Bogue (1st Horn Paris Opera), Hans Pizka (1st Horn Munich Opera). There will also be a recital by some promising young professional players.

F.T. CROSSWORD PUZZLE No. 4829

- ACROSS 1 Wrong to point to specific easy number (8) 5 A crime squad one caught going sour (6) 9 Spread out and maybe leave (8) 10 Wound the Spanish fish (6) 12 Card game peculiar? Goodness me! (5) 13 Rose-red house (9) 14 Indispensed to enter canopy above street (6) 16 Small strike leads to bigger disturbance by country lover (7) 17 Stern-faced sportsman? (7) 21 A pie's seat back in layers (6) 23 Horse dealer with book to overcome (3, 6) 25 Turned up relief of stone carved in relief (6) 26 Soldiers slow to tell (6) 27 Instrumental boy broke (8) 28 To live in Singapore's ideal (6) 29 Live champion with title of spectator (8)



- DOWN 1 Point to a distant individual in an expedition (6) 2 Not one to travel by puffin (3-6) 3 Shy cleaner joins youth leader (5) 4 Small boy takes on friend as kongs do (7) 6 Eccentric writing (9) 7 Wont by Underground up to first appearance (5) 8 It is put in vegetable at speed (8) 11 Break for game of cards (4)

Solution to Puzzle No. 4828 R I P E A W D E B N A I R E A W S U N G I T R O P I C A N T H I E F A M S A S S E U I T E M O V E R S T R E S S L N C E T R E B E N A M O U R O M E G I N R O N D T T L C T E N S E S S E C U L A R C A M P I O N E R H R G A R O B E N T O M T U S U A L O P T I M I Z E R M N E R A I T E P E D E S T A L O R A N G E



Spanish Banking

Further reforms are underway in the Spanish banking system. The basic pressure for change has come from the mixture of the patent unworkability of traditional and rigid systems and the need to realign Spanish banking with that of the EEC.

Sector enters period of consolidation

BY ROBERT GRAHAM IN MADRID

THE THEME of a highly successful set of bank advertisements last year has had a snowball effect in the world of Spanish banking—the advertisements preached the message in a catchy way that the bank was no longer a passive instrument. Instead, it was desperately anxious to win new clients, selling a range of "products."

The advertisements aptly caught the mood of change now transforming the Spanish banking system, with the better-managed and more aggressive institutions spearheading a campaign to dust off their traditional conservative image.

The change is not limited to one of image: the transformation extends to the introduction of new forms of business, greater liberalisation and the presence of foreign banks.

The banking sector has witnessed the greatest transformation and the broadest level of liberalisation since the death of Franco in 1975.

While banking still remains an enormously privileged sector, hedged round by various protective mechanisms, it has nevertheless, become that part of the economy closest to the European norm.

The reforms began in 1977 and now, with the main measures introduced, the system is about to witness a period of consolidation. The main measures have concerned liberalising credit, the introduction of foreign banks and the creation of new instruments like acceptances.

The basic pressure for change has come from a mixture of the patent unworkability of the

What have banks like Banesto been opposing or reluctant to accept? Undoubtedly, the hardest thing to stomach has been the presence of the foreign banks. Restrictions on foreign bank operations were lifted by a 1978 decree which permitted them to hold up to three branches or opt to form a Spanish registered bank with a minimum asset base of Pta 1.5bn.

Until this decree, only four foreign banks had been operating in Spain—all banks who had enjoyed long historical associations with the country. Now, 30 foreign banks have branch operations.

At the same time, two banks, Barclays and BNF, have been allowed to buy into the banking system by taking over ailing Spanish banks. Both these takeovers occurred last year and gave a major jolt to the Spanish banks which had never taken seriously the prospect of foreign ownership.

Efforts by a group of Spanish banks to prevent the takeover of Banca Lopez Quesada presented one of the most unedifying spectacles of the year. Their offer was hurried through at the last moment, without much enthusiasm, and in the hope that the authorities would accept a much lower price from domestic banks.

The offer collapsed when several of the banks in the group realised that it made no sense fighting to prevent the influence of foreign banks by bidding up for an ailing bank.

The authorities, for their part, believe that the foreign presence is now near sufficient for the size of the Spanish banking system. At present, only a notably superior foreign bid for an ailing bank would be countenanced while the purchase of a healthy bank is ruled out.

The foreign presence has been less important in terms of capturing new shares of the market, and more so as a catalyst for the liberalisation measures being introduced by the authorities. For instance, the restrictions on the foreign banks in their peseta dealings have obliged them to invest instruments such as acceptances and floating rate peseta loans — instruments which the Spanish banks have quickly picked up, even though initially spurned. The foreign banks have shaken up the time-honoured method, and they have stimulated the creation of money-brokers.

Just as significant, their presence has aided a campaign by a few of the banks and the Bank of Spain to present better accounts. This greater transparency and greater competitiveness has begun to be reflected in tighter margins although these still remain high by international standards.

One of the reasons why these margins remain high is the continuing system of "privileged circuits." This is a mechanism whereby a significant proportion of commercial and saving bank deposits are tied up in officially directed investments, so forcing up the rate charged on the remaining "free" funds.

The proportion varies between commercial and savings banks, but in the case of the latter it amounts effectively to almost 30 per cent of deposits being tied up in this way.

These funds are lent on soft terms, averaging under 8 per cent and act as a form of concealed subsidy to the recipient. This means of compulsory funding of term finance played a big part in the industrial boom of the 1960s and early 70s, but it is looking increasingly out of place in an advanced policy of liberalisation.

The proportion of funds the

banks are obliged to set aside is being progressively reduced. The authorities feel, however, that they cannot abolish the mechanism so long as the money markets are unevolved and term finance is hard to obtain. They have had to content themselves with freeing controls on rates paid for peseta deposits over six months and stimulating the growth of a competitive market for short term public debt.

Cost of deposits

The banks fought a tough rearguard action to prevent the Bank of Spain opening up short-term debt to the general public — afraid that this would raise the cost of their deposits.

The Bank of Spain ignored their arguments, however, and announced last month that fully public auctions would be held shortly. The real effect on the cost of deposits will be less than the banks make out, since most are paying under-the-table extra rates, a practice which should now be lessened.

The recession has also helped shake the complacency of the banks. Spain has suffered a recession for close on five years now. The effects of this have been keenly felt because the larger commercial banks — through their customer base, via investments and through their affiliates — are directly involved in all sectors of the economy. The cost of this involvement has been evident in the massive annual increases in provisions for bad debts and portfolio writedowns.

Since the beginning of the recession, the "big seven" commercial banks have had to set aside in this respect almost \$2bn. The fact that they have continued to thrive underlines the fat in the system and improved management.

Not all the banks have fared so well. During the past four years the country has witnessed its worst-ever banking crisis. More than 20 banks have been affected, with 18 being given overt assistance.

The total cost to the banking system of these failures has been over \$800m.

In proportion to the size of the economy, this has been arguably Europe's most serious banking crisis.

The failed banks have found themselves in trouble for essentially similar reasons — over-rapid expansion, insufficient official controls, a high degree of lending between affiliates or to shareholders, coupled with incompetence and outright fraud.

Where possible, the Bank of Spain, working in conjunction with the banks, has sought to prevent bankruptcy. Instead, ailing banks have been taken over first by the Corporación Bancaria, the so-called "bank hospital" and latterly by a deposit guarantee fund.

The latter is funded on a one per 1,000 basis by the banks with a matching contribution from the Bank of Spain.

Remarkably, despite the scale of the failures, equivalent

CONTENTS

Structure: influence of the "big seven" is in decline ..... II
Performance: mixed results II
Banking crisis: authorities seek to boost confidence ..... IV
Capital market: floating rate peseta credits ..... V
Overseas developments: ..... VI
Foreign banks: rapid growth VI
Stock markets: new optimism ..... VII
Credit cards: quiet revolution underway ..... VIII
The savings banks: flexing their muscles ..... VIII
Editorial production of this survey was by Mike Wiltshire and Philip Hunt.

SPAIN'S TOP TEN BANKS

Table with columns: Established, Headquarters, Size\* (bn Ptas), Branches (no.), 1981 Net income (bn Ptas), Return on assets, Return on equity, Interest margin. Lists Banco Español de Crédito, Banco Central, Banco Hispano Americano, Banco de Bilbao, Banco de Vizcaya, Banco de Santander, Banco Exterior de España, Banco Popular Español, Banco Urquijo, Banco Pastor.

\* Assets less contra accounts, end 1981. † 1980 figures. ‡ Based on 1980 figure; net income to average assets; net income to average equity; net interest income as a percentage of average assets.

Source: IBCA Banking Analysis, The Bankers Almanac and bank balance sheets.

BANCO EXTERIOR GROUP... OF SPAIN... OF GERMANY... OF FRANCE... OF CHILE... OF BELGIUM... OF NETHERLANDS... OF ITALY... OF THE UNITED KINGDOM... OF ECUADOR... OF PERU... OF ARGENTINA... OF PANAMA... OF PARAGUAY... OF EQUATORIAN GUINEA... OF COLOMBIA... OF BRAZIL... OF BOLIVIA... OF GUATEMALA... OF BAHRAIN... OF THE UNITED STATES... OF MEXICO... OF RUSSIA... OF VENEZUELA... OF PORTUGAL... OF THE WORLD.



BANCO EXTERIOR GROUP Banking without frontiers

Advertisement for BB logo styles: Swift, Precise, Old-established, International, Personalised, Modern, Resourceful, Professional.

All banking services in the inimitable BBanco style.

Banco de Bilbao can help you solve all your problems - from the simplest personal transactions to the most complex operations in foreign trade and international finance. Because Banco de Bilbao heads a major financial group with over 1,175 branches in Spain, 12 in France, 5 in the United Kingdom, 2 in U.S.A. and offices in Germany, Italy, Japan, Grand Cayman, Mexico, Venezuela, Brazil and Switzerland, plus

subsidiary and associate companies in many other countries.

And because the Banco de Bilbao group covers the full range of commercial, consortium and merchant banking services, including property and insurance companies, investment trusts, leasing and computer services.

We can begin to help you at any of our offices, or contact us at:

Principal U.K. Branch 100 Cannon Street LONDON EC4N 6EH

Principal France Branch 29 Avenue de L'Opéra 75.021 PARIS



BANCO DE BILBAO

GENERAL MANAGEMENT INTERNATIONAL - Paseo de la Castellana, 81 - Madrid 16 - Tfn. 455 60 02 - SPAIN

BANCO EXTERIOR UNITED KINGDOM 60, London Wall - London EC2P 2JB

e best meet.



THIS ANNOUNCEMENT APPEARS AS A MATTER OF RECORD ONLY



# FUERZAS ELECTRICAS DE CATALUÑA, S.A.

## FECSA

MULTI-SOURCE TERM FINANCING FOR AN AGGREGATE EQUIVALENT OF

### \$350,000,000

ARRANGED BY

## CHASE MERCHANT BANKING GROUP

**U.S. \$200,000,000**

MEDIUM TERM PRIME-BASED CREDIT FACILITY

LEAD MANAGED BY

**CHASE MERCHANT BANKING GROUP  
CONTINENTAL ILLINOIS LIMITED  
MELLON BANK, N.A.  
SECURITY PACIFIC BANK  
WELLS FARGO LIMITED**

AND

**CALIFORNIA FIRST BANK  
THE SUMITOMO TRUST AND BANKING CO., LTD.**

MANAGED BY

**CROCKER NATIONAL BANK  
GIRARD BANK  
INDUSTRIAL NATIONAL BANK OF RHODE ISLAND  
IRVING TRUST COMPANY  
MARINE MIDLAND BANK, N.A.  
REPUBLIC NATIONAL BANK OF NEW YORK  
SEATTLE FIRST NATIONAL BANK  
UNION BANK**

CO-MANAGED BY

**AMERICAN SECURITY BANK  
INTERNATIONAL (NASSAU) LTD.  
BANK OF HAWAII  
THE BANK OF NOVA SCOTIA GROUP  
CREDIT AGRICOLE  
CHICAGO BRANCH  
GOLDEN STATE SANWA BANK  
MERCANTILE TRUST COMPANY N.A.,  
ST. LOUIS  
PITTSBURGH NATIONAL BANK**

**BANCA COMMERCIALE ITALIANA  
CHICAGO BRANCH  
BANK OF MONTREAL (CALIFORNIA)  
CONTINENTAL BANK OF CANADA  
CREDIT COMMERCIAL DE FRANCE  
NEW YORK BRANCH  
HARRIS TRUST AND SAVINGS BANK  
THE MITSUBISHI BANK, LTD.  
CHICAGO BRANCH  
NORTHWESTERN NATIONAL BANK  
OF MINNEAPOLIS**

STATE BANK OF INDIA

FUNDS PROVIDED BY

**THE CHASE MANHATTAN BANK, N.A.  
MELLON BANK, N.A.  
SECURITY PACIFIC BANK  
CALIFORNIA FIRST BANK  
CROCKER NATIONAL BANK  
GIRARD BANK  
IRVING TRUST COMPANY  
MARINE MIDLAND BANK, N.A.  
TRADE DEVELOPMENT BANK  
OVERSEAS INC.  
AMERICAN SECURITY BANK  
BANK OF HAWAII  
CONTINENTAL BANK OF CANADA  
CREDIT AGRICOLE  
CHICAGO BRANCH  
FIRST CANADIAN FINANCIAL  
SERVICES (U.K.) LIMITED  
MERCANTILE TRUST COMPANY N.A.,  
ST. LOUIS  
NORTHWESTERN NATIONAL BANK OF  
MINNEAPOLIS  
MIDLANTIC NATIONAL BANK  
BANCO DE LA NACION ARGENTINA  
CITIZENS FIDELITY BANK & TRUST  
COMPANY  
THE FIRST NATIONAL BANK OF  
PENNSYLVANIA  
MERCANTILE NATIONAL BANK AT  
DALLAS  
THE NORTHERN TRUST COMPANY  
BANK OF CANTON OF CALIFORNIA  
LONDON INTERSTATE BANK, LTD.**

**CONTINENTAL ILLINOIS NATIONAL BANK  
AND TRUST COMPANY OF CHICAGO  
BARCELONA BRANCH  
WELLS FARGO BANK, N.A.  
THE SUMITOMO TRUST AND BANKING  
CO., LTD.  
INDUSTRIAL NATIONAL BANK OF  
RHODE ISLAND  
REPUBLIC NATIONAL BANK OF NEW YORK  
SEATTLE FIRST NATIONAL BANK  
UNION BANK  
BANCA COMMERCIALE ITALIANA  
NEW YORK BRANCH  
THE BANK OF NOVA SCOTIA  
CHANNEL ISLANDS LIMITED  
CREDIT COMMERCIAL DE FRANCE  
NEW YORK BRANCH  
GOLDEN STATE SANWA BANK  
HARRIS TRUST AND SAVINGS BANK  
THE MITSUBISHI BANK, LTD.  
CHICAGO BRANCH  
PITTSBURGH NATIONAL BANK  
STATE BANK OF INDIA  
OLD NATIONAL BANK OF WASHINGTON  
BANK OF NEW SOUTH WALES  
SAN FRANCISCO AGENCY  
THE EQUITABLE TRUST COMPANY  
1ST SOURCE BANK OF SOUTH BEND  
MANUFACTURERS NATIONAL BANK OF  
DETROIT  
THE NATIONAL BANK OF WASHINGTON  
WASHINGTON, D.C.  
BANCO DI SICILIA  
NEW YORK BRANCH  
SECOND NATIONAL BANK OF SAGINAW**

REGIONAL CO-ORDINATORS

**CHASE MANHATTAN LIMITED  
CONTINENTAL ILLINOIS LIMITED  
SECURITY PACIFIC BANK  
MELLON BANK, N.A.  
WELLS FARGO LIMITED**

AGENT

**THE CHASE MANHATTAN BANK, N.A.**

**U.S. \$50,000,000**

MEDIUM TERM CREDIT FACILITY

LEAD MANAGED BY

**THE FUJI BANK, LIMITED  
THE SUMITOMO TRUST AND BANKING CO., LTD.**

MANAGED BY

**THE DAIWA BANK LIMITED  
THE TAIYO KOBE BANK (LUXEMBOURG) S.A.**

CO-MANAGED BY

**THE BANK OF YOKOHAMA, LTD. THE KYOWA BANK, LTD.**

FUNDS PROVIDED BY

**THE FUJI BANK, LIMITED  
THE DAIWA BANK LIMITED  
THE BANK OF YOKOHAMA, LTD.  
THE HOKURIKU BANK, LTD.  
NIPPON KANGYO KAKUMARU  
(SWITZERLAND) S.A.**

**THE SUMITOMO TRUST AND  
BANKING CO., LTD.  
THE TAIYO KOBE BANK  
(LUXEMBOURG) S.A.  
THE KYOWA BANK, LTD.  
DAIWA EUROPE N.V.  
SAITAMA BANK (EUROPE) S.A.**

AGENT

**THE SUMITOMO TRUST AND BANKING CO., LTD.**

**PESETAS 5,000,000,000**

MEDIUM TERM CREDIT FACILITY

LEAD MANAGED BY

**CHASE MERCHANT BANKING GROUP  
BANCO DE BILBAO, S.A.  
BANCO HISPANO AMERICANO, S.A.  
CAJA DE BARCELONA  
CONTINENTAL ILLINOIS NATIONAL BANK  
AND TRUST COMPANY OF CHICAGO  
MADRID BRANCH**

MANAGED BY

**BANCO DI ROMA, S.P.A.  
BANCO HERRERO  
THE BANK OF TOKYO, LTD.  
MADRID OFFICE  
CAJA DE AHORROS MUNICIPAL DE BILBAO  
CAJA DE AHORROS MUNICIPAL DE SAN SEBASTIAN  
CAJA DE PENSIONES 'LA CAIXA'  
CHEMICAL BANK  
MADRID BRANCH  
SOCIETE GENERALE DE BANQUE EN ESPAGNE**

FUNDS PROVIDED BY

**THE CHASE MANHATTAN BANK, N.A.  
BARCELONA BRANCH  
BANCO HISPANO AMERICANO, S.A.  
CONTINENTAL ILLINOIS NATIONAL BANK  
AND TRUST COMPANY OF CHICAGO  
BARCELONA BRANCH  
BANCO HERRERO  
CAJA DE AHORROS MUNICIPAL DE BILBAO  
CAJA DE PENSIONES 'LA CAIXA'  
SOCIETE GENERALE DE BANQUE EN ESPAGNE  
BANCO DE SABADELL, S.A.  
BANQUE DE PARIS ET DES PAYS-BAS  
BARCELONA  
CAJA PROVINCIAL DE AHORROS DE ALAVA  
CAJA DE AHORROS PROVINCIAL DE CUENCA  
CAJA DE AHORROS PROVINCIAL DE  
TARRAGONA  
COMMERZBANK AKTIENGESELLSCHAFT  
BARCELONA OFFICE**

**BANCO INDUSTRIAL DE BILBAO, S.A.  
CAJA DE BARCELONA  
BANCO DI ROMA S.P.A.  
BARCELONA BRANCH  
THE BANK OF TOKYO, LTD.  
MADRID OFFICE  
CAJA DE AHORROS MUNICIPAL DE SAN  
SEBASTIAN  
CHEMICAL BANK  
BANCO HISPANO INDUSTRIAL, S.A.  
BANCO UNION, S.A. (BANKUNION)  
CAJA D'ESTALVIS DE SABADELL  
CAJA DE AHORROS PROVINCIAL DE  
ALBACETE  
CAJA DE AHORROS DE LA INMACULADA  
CAJA DE AHORROS PROVINCIAL DE  
ZAMORA  
BANCO MERCANTIL DE TARRAGONA**

AGENT

**THE CHASE MANHATTAN BANK, N.A.**

MADRID BRANCH

**SF 40,000,000**  
MEDIUM TERM FACILITY

FUNDS PROVIDED BY

**CHASE MANHATTAN BANK (SWITZERLAND)  
BANK OF TOKYO (SCHWEIZ) AG  
CHEMICAL BANK, NEW YORK  
CONTINENTAL ILLINOIS BANK (SWITZERLAND) ZURICH  
DAI-ICHI KANGYO BANK (SCHWEIZ) AG  
HANDELSBANK N.W.**

AGENT

**CHASE MANHATTAN BANK (SWITZERLAND)**

**DFL 40,000,000**  
MEDIUM TERM FACILITY

FUNDS PROVIDED BY

**THE CHASE MANHATTAN BANK, N.A.  
THE BANK OF TOKYO (HOLLAND) N.V.  
N.V. SLAVENBURG'S BANK**

ARRANGED BY

**CHASE MERCHANT BANKING GROUP**

**DM 30,000,000**  
MEDIUM TERM FACILITY

FUNDS PROVIDED BY

**LANDESBANK STUTTGART  
LANDESBANK RHEINLAND-PFALZ-GIROZENTRALE  
LANDESBANK SCHLESWIG-HOLSTEIN GIROZENTRALE**

AGENT

**LANDESBANK STUTTGART**







SPANISH BANKING VI

William Hall examines the moves being made by Spanish banks to open more overseas offices

New inroads into the international banking community

SPANISH BANKS have always ranked amongst the smaller members of the international banking community. None feature amongst the world's Top 50 banks...

Banco de Bilbao has the oldest international pedigree. It prides itself on the fact that it established its first branch in Paris just after J. P. Morgan and before it opened in Madrid and elsewhere in Spain.

The bulk of Spain's international banking business was handled by Banco Exterior de Espana (Extebank), the semi-state owned bank which finances a large part of the country's exports.

The main exception are Banco Espanol de Credito (Banesto) and Banco Popular, both of which have resisted the trend to move heavily into international banking.

Banco de Vizcaya's vice-chairman brought in six years ago to develop the bank's overseas operations, says that the international side of the bank's business is not a great money maker but it has made the bank's name much better known internationally.

Its first acquisition was an Argentinian bank with 13 offices, followed by a Panamanian bank. It now has branch networks in Costa Rica, Chile, Ecuador, El Salvador, Guatemala, Puerto Rico, Dominica and Uruguay.

While Santander's Latin American expansion has caught the eye, other Spanish banks, such as Banco Central and Banco Exterior, have also been pushing heavily into Latin America.

The one area where Spanish banks are not well represented is in the Far East. Some have established representative offices and Banco Urquijo has set up a Singapore operation but for the most part Spanish banks are not particularly active.

The Caja de Ahorros y Monte de Piedad de Madrid, CAJAMADRID, after very satisfactory results, maintains ninth position in the ranking of Spanish financial companies on volume of deposits.

Table with 2 columns: Item, Amount. Includes Total assets (456.2), Deposits (387.8), Loans (199.6), Shares (114.5), Profit before tax (5.56), To reserves (3.87), To social fund (1.29), Clients (thousands) (2,795), Offices (432), Employees (3,955).

After a period of preparation (1978-80) the Foreign department started operating during 1981 with the object of consolidating a firm base for its future development over a three-year period, 1981-83.

Even the Spanish savings banks are beginning to look overseas and the relatively unknown names of the 'Cajas de Ahorros', as they are known, are beginning to appear in Euromarket tombstones.

For others, such as Banesto and Banco Popular, the proportions are less, reflecting the lower priority they give to international operations.

Profitability However, the overseas expansion of Spanish banks has not yet spawned a similar major move overseas by Spanish companies, and Vizcaya, along with some other Spanish banks, is conscious that without a sizeable source of natural Spanish business, it can be hard to earn decent profits internationally.

It is possible to divide the overseas expansion of Spain's banks into four areas. Over half of Spain's foreign trade is with Europe and this is a traditional area for Spanish banks.

While Santander's Latin American expansion has caught the eye, other Spanish banks, such as Banco Central and Banco Exterior, have also been pushing heavily into Latin America.

The latter, in particular, has been expanding aggressively in the Americas and some bankers liken its growth to that of Banco do Brasil, because of its access to relatively cheap funds.

While Santander's Latin American expansion has caught the eye, other Spanish banks, such as Banco Central and Banco Exterior, have also been pushing heavily into Latin America.

The economic and political problems of some countries in the region does not seem to have dented most Spanish banks' enthusiasm for expansion.

Given the size of the Spanish economy, it is perhaps surprising that it has not yet spawned a major Spanish bank to rival internationally institutions such as Germany's Deutsche Bank, France's Banque Nationale de Paris or Britain's Barclays Bank.

While Spanish banks have built up an impressive network of operations particularly in Latin America, size is still an important factor in international banking and if Spanish banks are to develop over the long term as international banks as opposed to basically Spanish banks with some overseas offices, they will have to become bigger, either by domestic merger or overseas acquisition.

Thirty foreign banks now have full operations in Spain

Foreign banks making a 'formidable impact'

THE INITIAL euphoria associated with the opening of the Spanish banking market to foreign banks has evaporated but it is clear that Madrid's foreign banking community is flourishing.

Close to 30 foreign banks have opened full banking operations in Spain and more plans are in the pipeline. Over the past three years their balance sheets have risen rapidly and it is reckoned that 18 pesetas out of every 100 pesetas of loans are now made by foreign banks.

Sr Emilio de Ybarra y Churrua, managing director of Banco de Bilbao, said last autumn that after two and a half years, the 27 foreign banks with 72 offices and 2,300 staff had built a loan portfolio two-thirds of the size of Spain's 50 local banks, with 1,370 offices, and 19,740 staff.

Spanish banks face much more competition in their wholesale business from the foreign banks but on the other hand the local money market has been strengthened considerably and the introduction of a bankers acceptance market and floating rate peseta loans have been embraced by the Spanish banks.

Some Spanish banks still have reservations about the inroads the foreign banks are now making in their once captive market. Some complain that commission structures have been 'destroyed' by the foreign banks and others argue that within a year or two perhaps a fifth of the foreign banks will be losing money and will withdraw from the market.

Competition Most foreign bankers agree that the initial profitability of the Spanish market (several drew parallels with Italy, 10-15 years ago) cannot be sustained as competition reduces margins.

Both banks retain sizeable minority shareholders which can present problems. It is too early yet to determine whether Barclays and BNP have made the right move in acquiring local banks.

The restrictions are not regarded as particularly onerous, but they do mean that the foreign banks have to concentrate very much on wholesale banking. Branches in Madrid and Barcelona are sufficient to service the business community but they are not sufficient to enable foreign banks to move into

retail banking and build a natural deposit base. Foreign banks have to raise the bulk of their pesetas in the local money markets and the lack of a natural deposit base worries some who are aware that in the past interbank rates have fluctuated widely. As the majority of the loans they make are now on a floating rate basis fluctuations in interbank rates are less of a problem.

Two banks, Barclays Bank and Banque Nationale de Paris have taken the plunge and acquired local banks—Banco de Valladolid and Banca Lopez Quesada—from the Corporation Bancaria, known locally as the bank 'lifeboat'.

Both foreign banks faced stiff local opposition from the private Spanish banks before they were allowed to acquire the two banks. These had been taken over by the Corporation Bancaria because they were in difficulties.

By taking over ailing banks, both Barclays and BNP have won access to a local deposit and customer base and with between 40 and 50 branches apiece, both have the makings of a national branch network.

Both banks retain sizeable minority shareholders which can present problems. It is too early yet to determine whether Barclays and BNP have made the right move in acquiring local banks.

Aside from the arguments over the wisdom of a foreign bank acquiring an ailing Spanish bank, the other topic which is vexing foreign bankers in Madrid is interpreting the significance of a recent court ruling that rejected a claim on a company in dollars because the currency was "not legal tender or liquid, in Spain"—the so-called "Urbis case."

This seemed to imply that if a foreign bank made a foreign currency loan to a Spanish company it could not be called in if the company ran into difficulties. If true, this would undermine the whole basis on which foreign banks do business with Spain and severely damage the country's credit rating abroad.

Foreign bankers have mixed views about the significance of the case, and the majority are relaxed. Some say that the foreign banks concerned were the victims of poor legal advice and others argue that even if correct the point is so fundamental for Spain that the Government is not going to risk its credit worthiness and will relax the law.

If the Urbis case has done nothing else, it has highlighted the pitfalls in the Spanish legal system waiting for unwary foreign banks.

One American banker, who is not concerned about the Urbis

decision, says, nonetheless, that the Spanish legal system is among the worst he has ever seen.

"Every time you are pressed to wonder what might happen if a proposition turns sour, the lawyers throw their hands up in amazement and say the issue has never been tested," comments one New York banker. As a result, his bank, along with many others, steers clear of anything which might result in a court settlement.

The other complaint is the ceilings on short-term interest rates, which foreign banks argue favours local banks with captive deposit bases.

Despite the restrictions and the growing competition from the Spanish banks, for Spanish corporate business, most foreign bankers are still earning good money in Spain. One banker estimated that they were almost all earning over 20 per cent on their capital.

The monthly figures issued by the Consejo Superior Bancario show on a bank-by-bank basis how individual institutions are tackling the market. Some are pursuing foreign currency lending primarily whilst others are aggressively marketing foreign loans.

With close to 30 major banks now operating in Madrid and many more with representative offices, the pace of foreign entry has slackened, a few more banks from countries such as Belgium, Argentina and Japan may be allowed in, but for the time being the authorities seem to have called a halt to further liberalisation of the banking system.

As far as foreign banks are concerned, there are unlikely to be any major changes in the ground rules until after the next election.

William Hall



CAJA DE AHORROS Y MONTE DE PIEDAD DE MADRID cajamadrid



Sociedad Española de Automóviles de Turismo, S.A. (SEAT)

US \$50,000,000

Loan Facility

supported by

MEDIOCREDITO CENTRALE

(Istituto Centrale per il Credito a Medio Termine)

and guaranteed by

INSTITUTO NACIONAL DE INDUSTRIA (I.N.I.)

Managed by

Italian International Bank Limited

Banco Hispano Americano S.A.

BankAmerica International Group

Morgan Grenfell & Co. Limited

The Hokkaido Takushoku Bank, Limited

Co-Managed by

Banco Arabe Español, S.A.

Banque Rothschild

Banque de la Société Financière Européenne

Caja de Ahorros y Monte de Piedad de Barcelona

Caja de Ahorros y Monte de Piedad de Madrid

First Interstate Bank of California

National Bank of Canada

Provided by

Bank of America S.A.E.

The Hokkaido Takushoku Bank, Limited

Banco Arabe Español, S.A.

Banco Hispano Americano S.A.

Banque Rothschild

Banque de la Société Financière Européenne

Caja de Ahorros y Monte de Piedad de Barcelona

Caja de Ahorros y Monte de Piedad de Madrid

First Interstate Bank of California

Italian International Bank Limited

Morgan Grenfell & Co. Limited

National Bank of Canada

Banco Guipuzcoano, S.A. "BANCOCGUT"

Banco Internacional de Comercio, S.A.

Banco Pastor, S.A.

Caja de Ahorros de Zaragoza, Aragón y Rioja

Sanspols Bank (Bahamas) Limited

Caja de Ahorros Municipal de Bilbao

Kuwait Real Estate Bank K.S.C.

Italian Praying Agent

Monte dei Paschi di Siena

Agent Bank

Italian International Bank Limited



March 1982

## SPANISH BANKING VII

# Most stockbrokers are now more optimistic

AFTER NEARLY six years in the doldrums, Spanish stockmarkets experienced a major turnaround in 1981. Most stockbrokers are now optimistic that the worst is behind them, even though the prospects for 1982 are clouded with uncertainties.

When the Madrid Bourse index finished 1980 with a positive growth of 6.11 per cent for the first time since 1974 most analysts hardly dared believe the trend could be sustained. Yet investors had apparently recovered their nerve and, lured by the prospects of underpriced shares, began to return in strength.

The market opened strongly and kept on rising up to an index peak of 146.13 in early September, (every year opens with a base of 100), supported by a wave of overseas buying during the usually quiet summer months. But the rise was checked and the index slid back to finish at 124.08 as profits and political uncertainties prompted a steady stream of sellers.

Despite the regression in the final quarter, 1981 was a key year for Spanish stock markets in which they not only achieved a return to profitability but also presented serious competition to other forms of investment. It was a year of innovation and one in which trading patterns registered an important change.

### Big increase

Total trading volume on the four bourses rose dramatically to Pts 234.4bn, cash business, from Pts 135.5bn in 1980 when volume dropped 8.15 per cent. The Madrid Bourse accounted for the lion's share of this total with 68 per cent, followed by Barcelona with almost 18 per cent, Bilbao with nine per cent and the small Valencia Exchange, in its first full year of operation, captured nearly five per cent of the market.

The average return on Madrid bourse investments last year has been calculated at around 30 per cent, based on dividend payments and straight share price appreciation. The figure is even higher if one includes the tax benefits enjoyed on most dividends and subscription rights.

Compared with an official 1981 inflation rate of 14.4 per cent, Spanish stock markets offered a highly competitive return to investors. Nevertheless, such global statistics are slightly misleading, given the major influence of the banking

and electrical sectors on the market as a whole when calculating price movements, trading volumes and benefits.

The commercial banks alone accounted for nearly half the total cash business volume on the Madrid Bourse last year, with Pta 57.1bn in trade, while the water, gas and electricity sector absorbed just over 18 per cent with Pta 21.3bn. Together, they captured 66 per cent of the cash trade.

As a further example, banks and electricals accounted for 13 and 14 places, respectively, on two lists of the 15 most frequently and heavily traded stocks on the Madrid market.

The only other stock as consistently popular was the telephone monopoly, Telefonica, the single most influential share in the market, with a weighting of nearly 10 per cent in the Madrid Bourse index compared with almost 39 per cent for the commercial bank sector, 6 per cent for the industrial banks and 21 per cent for the electricity companies.

A major factor behind the pre-eminence of the banking sector on Spanish stock markets lies in the nature of its independent settlements system. Other stocks are traded on an open outcry basis with prices rising or falling during the session according to supply and demand, but sales and purchases of bank shares are settled in one go, just before the end of each trading session.

Buyer and seller bids are paired off and the banks themselves then decide whether to satisfy all, part or none of the outstanding orders. Their share price movements depend on how many shares they are willing to buy or sell and remain unchanged if they satisfy half the outstanding demand.

This discretionary control over their own share price movements gives banks a unique position of influence particularly in view of their weighting as a major component of bourse indices.

The banking sector's presence is further reinforced by the fact that they are the single most important source of business to stockbrokers, channeling bourse investments for clients either through their own bourse departments or through subsidiary companies specifically designed to cope with portfolio investment.

Yet despite the influence of banks and electrical companies

over the overall performance of Spanish stock markets, the significant feature of 1981 was the emergence of hitherto less favoured sectors as solid performers after years of neglect by wary investors who had tended to play safe and stick to the blue chips.

The protagonism of second line shares is highlighted by a study of the most profitable investments on Spanish exchanges last year which contains not a single bank or utility among its top ten companies.

Furthermore, a list of the most profitable sectors showed the cement, construction, chemical and metal and mining lists leading banks and electricals in terms of combined price appreciation, and dividend growth.

The most impressive individual performer was the metal and mining industry's Duro Felguera which registered a 212 per cent rise in profitability, followed by the steel company, Tubacex, with a 195 per cent rise.

### Profitability

Other lucrative investments included Cementos Alba and Constructor Dragados y Construcciones, up nearly 105 per cent and 65 per cent respectively. According to the study, based on 178 leading stocks, the average profitability of shares quoted on all four Spanish exchanges rose to nearly 34 per cent in 1981 from just 9 per cent the previous year.

By contrast, share trading could be adversely affected by a recent official clarification which will prevent investors from claiming tax relief on the full par value of bonus or rights issues. Spanish companies have increasingly flooded the market with such issues towards the end of each calendar year to capitalise on the allure of the tax benefits, but now investors will only be able to recoup on the cash value of their purchases.

In an attempt to boost share trading volume, Spanish stock markets last year introduced a deferred settlement scheme allowing purchasers to defer payment of up to 75 per cent of the cost of a transaction for a maximum of three months.

The scheme was launched in Madrid last June and has been extended from an initial 15 listed stocks to 22, ending a

40-year ban on term buying or selling of shares.

Trading volume during the first six months has nonetheless been modest, reaching less than pts 2bn on the main Madrid market.

On the other hand, bourse trading in acceptances registered spectacular growth last year with a four-fold increase in business to almost Pts 600n nominal value. This market was launched in January, 1980, by three foreign banks and one Spanish bank and aims to attract the big investor with minimum denominations currently averaging Pts 250,000 and more frequently reaching Pts 1m.

Spanish banks have rapidly gained ground in this field after a late start and last year captured 57 per cent of the market ahead of foreign banks with 35 per cent. The remaining 8 per cent was traded on the growing secondary market.

Foreign investment in shares also took off, tripling during the year to Pts 5.7bn on the Madrid Bourse alone, with cash purchases of Pts 8.5bn far outstripping sales worth Pts 3.8bn.

Increased foreign interest was particularly noticeable during the heady summer months when share prices went from strength to strength and played an important role sustaining the bull market. But interest was quick to dissipate once the market turned in the autumn and the outlook so far this year is bleak with foreign investment down by more than 50 per cent during the first two months.

Stockbrokers are hoping that a planned reform of the country's social security system and the introduction of pension funds will give stock markets a fillip by channelling more savings their way.

Tripartite talks between the Government, unions and employers on the reform are bogged down, however, and investment fund managers have said a draft law governing pension funds, and investment trusts will make it impossible for pension funds to operate and put most existing trusts out of business, largely because of the negative tax concessions included in the draft bill.

By a Special Correspondent

# MIDLAND IN SPAIN

The Midland Bank branch in Madrid offers a wide range of wholesale international banking services to companies doing or wishing to do business in Spain.

These services include all aspects of corporate and trade finance, peseta and eurocurrency loan syndication, foreign exchange and money market activities.

Advice and guidance on trade conditions and local regulations are also available and augment our proven ability to shape a financial package to your needs.

In London contact: Keith Cheshire, Senior Executive, Southern European Region, Midland Bank plc, International Division, 60 Gracechurch Street, London EC3P 3BN. Telephone: 01-606 9944. Ext. 4575. Telex: 888401.

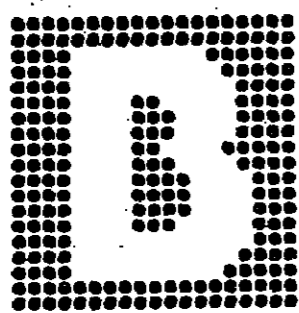
In Madrid contact: Midland Bank plc, Jose Ortega y Gasset, 29-1º, Telephone: 431 0613. Telex: 48015.

We deliver.



Test us.

Midland Bank International  
Midland Bank plc, International Division,  
60 Gracechurch Street, London EC3P 3BN. Tel: 01-606 9944.



# BNP Group

Banque Nationale de Paris, France's leading commercial bank, has an international network extending over seventy-seven countries.

## In Spain

### Madrid

- Banque Nationale de Paris Branch
- Consejo España S.A. Subsidiary
- Europea de Financiación, Inversión y Promoción S.A. "EUROFIP" Subsidiary

BNP Branch and Subsidiaries at Calle Serrano, 67.

- Banca Lopez Quesada Subsidiary
- Plaza de las Cortes 6  
47 branches in Spain

### Barcelona

- Banque Nationale de Paris Branch
- Consejo España S.A. Subsidiary
- Europea de Financiación, Inversión y Promoción S.A. "EUROFIP" Subsidiary

BNP Branch and Subsidiaries at Calle Entenza, 321, Esq. Diagonal

### Bilbao

Consejo España S.A. Subsidiary  
Ledezma 10 bis  
Planta 4 depto 4.



## Banque Nationale de Paris

Head Office  
16, Boulevard des Italiens, PARIS 75009. Tel: 244-45-46. Tx: 280 605

### UK Subsidiary:

Banque Nationale de Paris p.l.c.

8-13 King William Street, LONDON EC4P 4HS. Tel: 01-626 5678. Tx: 883412

# ABN. One Bank. Five Continents. Forty-two Countries. Take Spain for instance.

The first - and only - Dutch bank in Spain, ABN offers a complete range of corporate banking services at its offices in both Madrid and Barcelona.

As a top-ranking international bank with in-depth knowledge of the business and financial community in this country - and around the globe - we can provide expert assistance regarding trade, investment, and import-export opportunities.

Our bank has many other valuable resources available for clients as well. For instance, ABN is widely represented in the Common Market which receives a major share of Spain's export. Special questions? These too can be answered quickly - and in detail - by our knowledgeable staff.

Moreover, local managers throughout ABN's network in forty-two countries have access to banking know-how based on more than 150 years of experience worldwide. That guarantees fast efficient attention for all your financial transactions.

We can also supply you with our detailed Country Report "Spain", covering major aspects of the present-day Spanish economy, investment climate, foreign trade, and exchange control regulations. Ask for a free personal copy at your nearest ABN branch.

Un banco internacional a su servicio.

## ABN Bank

Madrid, Algemene Bank Nederland, Sucursal en España, Edificio Beatriz, José Ortega y Gasset 29-6, Apto. 14232, Madrid 6, tel. (01) 4317245, telex 46929. Barcelona, Algemene Bank Nederland, Avenida Diagonal 427 bis-429, 6, Apto. 12193, Barcelona 36, tel. (03) 2018877, telex 59333. London, Algemene Bank Nederland, Chief Office, 61, Threadneedle Street, EC2P 2HE, tel. (01) 628-1272, telex 887366. West End Office, Holland Building, 120, Pall Mall, SW1Y 5EA, tel. (01) 8392531, telex 268252. Birmingham, Algemene Bank Nederland, 35, Waterloo Street, B2 5TL, tel. (021) 2369681, telex 339343. Manchester, Algemene Bank Nederland, Pall Mall Court, 61, King Street, M2 4PB, tel. (061) 6329691, telex 668469. Amsterdam, Algemene Bank Nederland, Head Office, 32, Vijzelstraat, P.O. Box 669, 1000 EG Amsterdam, tel. (020) 299111, telex 11417.



Letters to the Editor

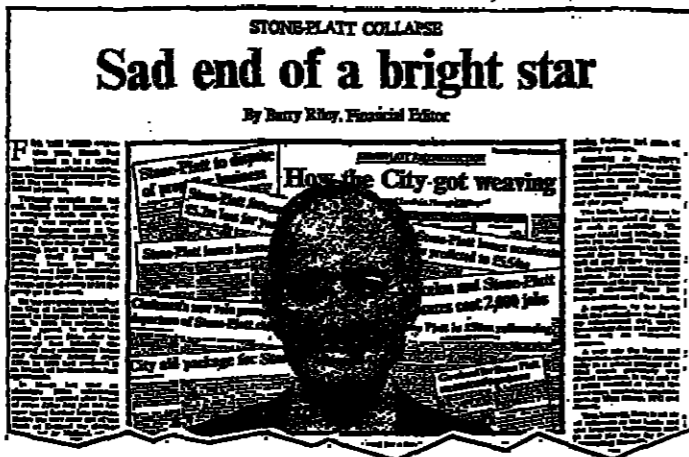
The Oil and Gas Bill in committee

'There must be a better way'

By Peter Riddell, Political Editor

Feelings of sadness and injustice at the receivership system

From the Chairman Stone-Platt Industries Sir—There has been a great deal of Press coverage of the Stone-Platt receivership...



Mr Pincoff pictured in the FT on March 19

As regards your Leader, paragraph four is incorrect in stating that "the financial position deteriorated towards the end of last year"...

forward clear and constructive proposals by which the balance sheet ratios between shareholders' funds and debt could have been restored...

risks in achieving these plans, but our policy was clearly to take a series of steps which would gradually have reduced our indebtedness to the banks...

the way it has. There must be a better way. Whereas the banks have every right to protect the security of their loans...

I believe there are real doubts about Receivership in its present form, and I hope these will be reinforced by the report to be submitted shortly under the chairmanship of Sir Kenneth Cork...

'ONE DEBATE on one amendment' took nearly six hours, and the discussion ranged from Tudor history, through the rival merits of bill and valley sheep...



under the rules of the radio parlour game 'Just a Minute' where there can be no repetition, no deviation and no hesitation...

The surprising feature was how well-informed some of the debates were. Background papers and briefings were supplied by BNOC and British Gas...

And, since there are genuine ideological differences about measures such as privatisation, there are bound to be adversarial clashes.

Commons in the late 1970s considered possible reforms, some of which have been adopted—

(a) Timetabling Bills from the start. In evidence to the committee in late 1978, Mr Francis Pym, now Leader of the House, discussed this possibility of timetabling as long as it preserved the right of the Opposition to single out those aspects of Bills on which it wished to concentrate...

(b) Outside witnesses. The Procedure Committee heard conflicting views. Traditionalists such as Mr Michael Foot argued that outside views should be considered before a Bill was published and said committees were bound to be divided politically...

The Procedure Committee proposed a compromise whereby standing committees could hold three evidence-taking sessions at the start to establish the factual and technical background. This idea was taken up as an experiment in the 1980-81 session for three Bills...

Reformers, such as Mr Cunningham, argue that this procedure should be used with more controversial Bills and that more evidence-taking sessions should be allowed within a time limit.

The Budget: methods for the fair indexing of capital gains

From Mr D. Baer Sir—Mr L. Hunt (March 16) refers to the Chancellor's inability to find a practical method of indexing gains from 1985 and suggests as a simple compromise that investors could elect to pay at a reduced rate of 15 per cent on the sale of holdings acquired before March 9 1982...

I fear, however, he has missed the vital point that assets bought before April 1982 still pay capital gains tax on a very substantial part of the inflationary "profit" after that date and benefit little from indexing.

from that calculated under the Chancellor's proposals. J. E. Critchley, Association of Independent Businesses, Troubridge House, 108, Weston Street, SEL

of "unreal" gains on assets acquired between 1965 and 1982. The particular danger is that the Chancellor or his successors may regard the indexation problem as solved or of declining significance. Even if it's continuing existence is recognised there will be a temptation to delay addressing it until the "real" cost of so doing has further declined...

From Mr J. Critchley Sir—Mr Sutherland's advice (March 16) to "bed and breakfast" shares in order to obtain the benefit of future indexing is correct only so far as it goes in relation to Stock Exchange company shares.

If an asset bought pre-1982 is to be exempt from inflationary gains after April 1982, then surely the indexing should be on the selling price and not the cost price? In this example, therefore, the indexing of £50,000 would be 30 per cent to bring it back to its value at 1982, ie, £10,000 should be deducted from the selling price giving gains tax payable on £30,000 (£40,000 less cost £10,000) less the 1985 exemption figure—quite a different figure

Perhaps an amendment on these lines could be introduced into the Finance Act. A. D. J. Keay, 53 Cadogan Street, SW3

Bed and breakfasting of shares may give some relief (Mr A. Sutherland, March 16) but there is no assurance, especially since the Kansas case, that inspectors of taxes will not be looking for tax avoidance and breakfasting an interest in a property or a work of art. It is argued that the present cost to the Exchequer by back-indexing would be too great but there must be many who would accept a liability to pay tax on a "real" gain who are not prepared to subject themselves to a confiscatory tax.

The argument about lead-free air

From Dr E. Jones Sir—I have no reason to doubt the sincerity of Mr Stokes' letter (March 15) but its contents reveal that he has been seriously misinformed on virtually every aspect of the lead-in-petrol issue.

United States Environmental Protection Agency, has stated: "I have sometimes been asked if in the USA we took lead out of gasoline for health reasons, or if we did it to make it possible to use catalysts to control exhaust emissions. The simple answer is that it was done for both reasons." It should be remembered that the Ethyl Corporation took the Environmental Protection Agency to the Court of Appeal in an unsuccessful attempt to frustrate legislation controlling lead emissions into the atmosphere.

inter alia, they have shown lead levels can be predicted on the basis of EEG (electroencephalographic) recordings in normal children; effects on brain-wave potentials down to blood lead levels of seven micrograms/decilitre in pre-school children (the bottom end of the normal range); a seven-point IQ deficit in London school children around a mean blood level of 13.52 micrograms per decilitre; and a significant association between lead burden and the proportion of time that children concentrate while in the classroom. This list is by no means comprehensive.

It is difficult to identify any common ground between the aspirations of the Campaign for Lead-free Air and the interests of employees of Associated Octel but I will leave it to readers to decide who is presenting the scientific evidence. Dr Robin Russell Jones (Member of CLEAR Scientific and Medical Advisory Board), 2 Northdown Street, NI

The 'battle' of the Mersey Marshes

From Canon R. Howard Sir—Your contributor Ian Hamilton Fazel (March 12) gives the impression that, though future co-existence between north Cheshire residents, industry and wildlife was likely to remain uneasy, the "great battle" of the Mersey Marshes had subsided and there would remain a green waterside wedge between Shell at Stanlow to the west and ICI's Runcorn plants to the east. The battle, far from subsiding, is likely soon to be re-opened with renewed ferocity.

is right about the new owners—the agents have been extremely cagey—local residents can have little conviction that ICI's claim to have no plans to build on their land will long be valid. In August 1978, Sir Maurice Hodgson, ICI chairman, said in a letter to Mark Carlisle, MP for the affected area, that "in ICI's view the option for the possible development of this site, or part of it, for major industrial projects by ICI—or any other industrial undertaking—should be kept open." In view of this, and the fact that the land was offered by the Ministry as having "long-term potential," we have no confidence in its maintenance—however desirable we see it—as a "green waterside wedge."

I would make the point that our member groups, including parish councils and amenity societies, are concerned with far wider issues than the adverse effects of industrial development on property values (as your contributor implies). In submissions related to the Cheshire structure plan, and more recently to the Mersey Marshes local plan, we have stressed issues of land-use planning—balancing the needs of industry for development of land against the adverse effects of air and water pollution, noise, hazard and visual intrusion on the quality of our environment.

R. W. Howard (Chairman, Mersey Marshes Study Group), The Vicarage, Vicarage Lane, Helsby, Warrington.

Autopistas del Atlantico, Concesionaria Española S.A. U.S. \$75,000,000 Medium Term Loan. The State of Spain. Managed by Arbutnot Latham & Co., Limited. Caixa de Aforros de Galicia. The Hokkaido Takushoku Bank, Limited. The Long-Term Credit Bank of Japan, Limited. Manufacturers Hanover Limited. Mitsui Trust Finance (Hong Kong) Limited. The National Bank of Kuwait S.A.K. The Saitama Bank, Ltd. The Sumitomo Trust and Banking Co., Ltd. Toronto Dominion International Bank Limited. Co-managed by Alahli Bank of Kuwait K.S.C. Vereins-und Westbank Internationale S.A., Luxemburg. Yasuda Trust and Finance (Hong Kong) Limited. Provided by Arbutnot Latham & Co., Limited. Caixa de Aforros de Galicia. Takagin International (Asia) Limited. The Long-Term Credit Bank of Japan, Limited. Manufacturers Hanover Trust Company. Mitsui Trust Finance (Hong Kong) Limited. The National Bank of Kuwait S.A.K. The Saitama Bank, Ltd. The Sumitomo Trust and Banking Co., Ltd. Toronto Dominion Bank. Alahli Bank of Kuwait K.S.C. Vereins-und Westbank Internationale S.A., Luxemburg. Yasuda Trust and Finance (Hong Kong) Limited. Banco Cafetero, S.A. (Panama). Banco de Progreso, S.A. Bank of British Columbia. Banco Pinto and Sotto Mayor. Banque Commerciale pour l'Europe du Nord (Eurobank). Christiania Bank Luxembourg S.A. Oesterreichische Landerbank Aktiengesellschaft. Agent Bank The Long-Term Credit Bank of Japan, Limited. February, 1982.

UK COMPANY NEWS

Beatson Clark lifts profits £1m aided by better productivity

FOLLOWING the sharp recovery in profits for the first half of 1981, Beatson Clark, the Yorkshire glass container manufacturer, reports an increase from £94,000 to £1.13m in the second half of the year.

Turnover shows an increase from £25.51m to £28.14m. Net tax profit comes through at £1.64m against £1.09m—equal to earnings of 28.9p (19.2p) per 25p share.

Reporting at the interim stage the directors said that the volume of glass containers sold in the UK was 10 per cent below that of the first half of 1980 due to the recession and to competition from other materials.

In their statement with the full year figures they report that sales volumes have been maintained during a difficult trading year. The improved level of profits has been helped by the action taken in 1980 to improve productivity.

In the current year the directors expect trading conditions to continue to be difficult with little growth in the demand for glass containers.

Table with 2 columns: 1981, 1980. Rows include Turnover, Operating profit, Profit before tax, Taxation, Net profit, Dividends, Retained.

comment

Beatson Clark's 84 per cent rise in pre-tax profits, on turnover up only 8 per cent shows the benefits of 1980's modernisation and improved working practices.

Although Dew has been operating in the UK since 1933, its major source of profits is now overseas.

Brokers are Laurence Prust. The merchant bank is Minister Trust.

comment

These are hardly booming times for contractors. George Dew has managed to prop up profits with an assault on Middle East markets, notably the UAE and Saudi Arabia.

LADBROKE INDEX

Close 556.561 (-5)

Dew market debut next Monday

Dealings in the shares of George Dew, the civil engineering and building group, are expected to begin next Monday.

The company reports that the improved performance is largely a result of the completion of two large overseas orders in the first six months of the year.

A moving average of results over several years is more representative of the group's performance than the result of a single year, according to the company.

Minister and the employees have undertaken not to sell their shares for at least two years after the purchase date.

comment

These are hardly booming times for contractors. George Dew has managed to prop up profits with an assault on Middle East markets, notably the UAE and Saudi Arabia.

Queens Moat rights: £2.5m forecast

Queens Moat Houses, the hotel group which agreed early this year to buy 26 provincial hotels from Grand Metropolitan for £30m, has published details of its £30m package to finance the acquisition.

The pre-tax figure is struck after rents payable of £596,000 (£694,000) and interest charges of £1.22m (£0.66m). Tax charges amounted to £168,000 (£117,000).

Queens Moat is forecasting that the enlarged group will make a profit before tax this year of £2.5m which would produce earnings per share on the weighted average share issue of 2.83p or 2.82p (3.01p) or 2.48p (2.81p) fully diluted.

Prudential Pensions, the pension investment management company within the Prudential Group, invested heavily overseas in 1981 on behalf of its clients which have given the company investment discretion, which means freedom of investment policy.

The annual report for 1981 of the investment manager, Mr Mick Newmach, stated that overseas equities have proved to be the best performing market last year.

As for the current year, the company states that the value of longer-term orders is lower than at this time last year, but the directors continue to view the future with confidence.

comment

As a result, the International Fund, the vehicle used for overseas investment, grew in value from £32m to £32m at the end of the year more than half the fund was invested in the U.S. and Canada with a further 20 per cent in Japan.

Trafford Park rises to £1.07m

Trafford Park Estates, property developer, increased its pre-tax profits for the six months to December 31 1981 to £1.07m from £911,151 for the same period the previous year.

Clydesdale Bank falls

A REDUCTION in pre-tax profits from £24.49m to £23.05m for 1981 is reported by Clydesdale Bank, a subsidiary of the Midland Bank group. The board says the result has been achieved against a background of difficult economic conditions, resulting in a worsening debt debt experience.

Forward Trust up 15%

PROFITS BEFORE tax of Forward Trust Group, a subsidiary of Midland Bank, rose by 15.7 per cent from £25.6m to £29.5m for 1981. The result included a small element of additional profit arising from changes in accounting periods.

Woodrow Wyatt losses increase by £571,423

FURTHER losses of £596,040 against £24,617 previously—an increase of £571,423—are reported by Woodrow Wyatt Holdings for the half year to September 30 1981. However, turnover is slightly up at £3.85m compared with £3.77m.

No interim dividend has been declared. Last year a net interim of 0.5p per 5p share was paid but no final was paid.

The directors of this printing company say the recession caused considerable excess capacity in the company's section of the printing industry which has entailed persistent reduction in profit margins.

comment

Woodrow Wyatt emerges more than doubled in size after the County Hotels acquisition; there is a slight reduction in assets per share from 37p to 35p on full dilution, but a forecast of a small increase in earnings per share and dividends.

Exeter Building up by £0.2m

WEST COUNTRY building contractor Exeter Building and Construction Group, which came to the Stock Exchange's Unlisted Securities Market last August, lifted pre-tax profits from £725,000 to £838,000 in 1981 on a turnover ahead from £22.84m to £25.44m.

Advance at Squirrel Horn

THE ADVANCE in profits seen by Squirrel Horn at mid-year continued in the second six months and for 1981 as a whole the pre-tax figure emerged £216,000 higher at £460,000.

We've invented the best way to find new products.

New products are vital for any manufacturing company's survival. But finding new products can be a problem.

Frank & Ockrent Limited Product Innovation 7 Berners Mews London W1P 3DG

M. J. H. Nightingale & Co. Limited

Table with columns: 1981-82 High Low, Company, Price Change, Gross Yield, P/E. Lists various companies like Ass. Brit. Ind. CULS., Airprung, etc.

King & Shaxson

PLC £2 Cornhill, EC3 3PD. Gilt-Edged Portfolio Management Services Index 22.3.82

THE TRING HALL USM INDEX

119.8 (+0.3) close of business 23/3/82. BASE DATE 10/11/80 100. Tel: 01-638 1591

International Communications Technology Holdings SA. The Bearer Shares of U.S. \$3.00 have been admitted to Official Listing on the Luxembourg Stock Exchange.

General Consolidated Investment Trust PLC. Directors: Brian A. C. Whitmee, F.C.A. (Chairman), Desmond A. Reid (Deputy Chairman), Robert Holland, Luke Meinertzhagen, Anthony P. Simonian, David R. Stevens, James E. A. R. Guinness, The Hon. Peter M. Samuel, M.C., T.D., Mark W. H. Thomson.

NatWest Registrars Department. National Westminster Bank PLC has been appointed Registrar of Daily Mail and General Trust PLC. All documents for registration and correspondence should in future be sent to: National Westminster Bank PLC Registrar's Department, PO Box No 82, 37 Broad Street, Bristol BS99 7NH.

# Morgan Grenfell boosts profits 40% Cattle's (Holdings) ahead to £0.8m for year: pays 1p

**NET PROFITS** disclosed by Morgan Grenfell Holdings, the London merchant bank group, showed an advance of 40 per cent from £7.21m to £10.08m in 1981. On a per share basis stated earnings increased by 25 per cent from 23.5p to 29.5p. The dividend to shareholders is lifted from 4.67p to 5.6p with a final of 3.2p.

Both the group's domestic and international banking activities have increased during the year. Shareholders funds (after taking account of the £12.5m rights issue last June) increased by 37 per cent to £30.4m, while the balance sheet total showed a 39 per cent gain to £21.15m. Net assets per share were 21.9p (1981).

Total advances, loans and assets held for leasing increased from £491m to £797m of which £232m (£106m) was represented by loans guaranteed by the Export Credits Guarantee Department. Export finance transactions, in number and value, were nearly double those of the previous year. Acceptance credits increased from £241m to £384m.

**BOARD MEETINGS**

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are increases or final and the subdivisions shown below are based mainly on last year's timetable.

**TODAY**

Interim: British Car Auction, Paterson Zochens, Paschley Property, Ricardo Consulting Engineers.

Finals: Brent Chemicals International, Equity and Law Life Assurance Society, Finsburgh Construction, Fife Induser, Finlay Packaging, Firmin, Jove Investment Trust, London and Scottish Marine Oil, Smith and Nephew, Tomatin

Distillers, Waterford Glass, Warrmoughs, Willis Faber, H. Woodward.

**FUTURE DATES**

Interim:	City of Aberdeen Ltd	March 26
	Lowland Investment	April 23
	Notion	March 26
	Pifco	March 26
	Saga Holidays	March 26
Finals:	Dorset	March 31
	Guardian Royal Exchange	March 31
	Hawden-Stuart Plant	March 24
	Jones and Shipman	April 15
	Morgan Crucible	April 15
	Neil and Spencer	April 15
	Sharma Ware	April 2
	Smith St. Aubyn	May 5
	Southampton, L.O.W. & S. of Engl. Royal Mail Steam Pkt.	March 28
	Winpey (George)	April 23

growth making a contribution to profits "considerably ahead of expectations." The volume of work in hand remains high.

The corporate finance division had an extremely busy year, both at home and overseas, resulting in record income and the division's largest ever contribution to profits. A substantial number of new clients was secured during the year.

The chairman reports that record levels of business have again been achieved in the domestic banking division which has again been active in leasing. The eurobond division made good progress and nearly doubled the number of issues managed or co-managed.

Morgan Grenfell Investment Services, which offers international investment management to U.S. pension funds, had a successful year in obtaining new clients. Investment management business generally saw expansion.

After providing for group dividends of £2.7m (£1.5m), the year's profit retained is up from £3.71m to £7.38m.

See Lex

There was a credit for depreciation no longer required on re-valued properties of £72,000 (nil). CCA pre-tax profits were £356,000 (£128,000 loss).

An examination of the structure of the Shopadcheck division has been completed and a major costcutting exercise has commenced.

Branch accounts have been examined and the benefits of merging some branch offices has been recognized. This process will continue where it is considered that profitability will be improved without inhibiting the development into new geographical areas.

Four new offices in the Manchester area were added to the Oldham, Bury and Salford offices with the acquisition of the Progressive Clothing and Furnishing Club in November. Overall, turnover in this division was only marginally ahead of last year's figures but there are early indications that turnover this year can be expected to increase more markedly.

The group balance sheet shows stocks reduced from £2.53m to £1.98m and customers accounts receivable down £1.57m to £29.75m. Net borrowings totalled £18.27m (£20.85m) and the ratio of net shareholders funds to net borrowings has improved from 2.5 to 2.1.

**GOPENG CONSOLIDATED LIMITED**

**CHAIRMAN'S STATEMENT**

Before dealing with the affairs of the Company for the year ended 30th September, 1981, I consider that it is appropriate that I should comment on the Agreement recently concluded by your Board with the Perak State Development Corporation and on previous steps taken by your Board to comply with the Malaysian Government's New Economic Policy.

Since the inception of the New Economic Policy, the Board has sought ways and means of overcoming the many difficulties involved in reconciling the best interests of the Shareholders with the aspirations of this Government Policy.

Our first step was to undertake a joint venture with the Syarikat Permodalan Sdn Berhad, on a new dredging venture at Kampar. I shall be referring later in this Statement to the encouraging results achieved by this dredging unit during the first year of its operation.

Our second step has been to reach an agreement with the Perak State Development Corporation (an Agency incorporated by the Perak State Government, of which the Chief Minister is Chairman) covering the renewal of the Company's mining leases for a period of ten years and the conversion of certain areas of Agricultural land to mining for future mining operations. These renewals and conversions are estimated to provide a continuing life of the property for a period of ten years, with the possibility of some extension into marginal areas yet to be proved.

In exchange for the continuation of mining operations and the water supplies, electricity supplies and dumping facilities that go with them, it has been agreed that the Perak State Development Corporation shall receive 30 per cent participation in the Company's capital structure. The terms of this Agreement are, of course, subject to approvals being obtained from the Foreign Investment Committee and Capital Issues Committee in Malaysia, and to the approval of Shareholders at an Extraordinary General Meeting, to be called after the other necessary approvals have been obtained.

Therefore after many years of detailed planning and negotiation we do seem near to arriving at a solution to a most difficult problem, the outcome of which should give a much needed security of tenure to the Company's future mining operations.

The Consolidated Accounts for the Group's financial year ended 30th September, 1981, show a gross mining profit, before depreciation, of £3,345,310 compared with £4,132,190 from the previous year. The lower profit for the year under review was due partially to a sharp increase in both power and labour costs and also to reduced production from lower grade ground mined. Yields from the Estates were affected by unusually dry weather during July and August. Production from a reduced area available for tapping, due to replanting, was therefore lower in consequence.

After taking into account investment and sundry income, and allowing for depreciation and other charges, the overall profit from the mine and estates amounts to £2,148,635 before taxation and exchange adjustments of £2,517,064. The ultimate balance available for the year under review was due partially to a sharp increase in both power and labour costs and also to reduced production from lower grade ground mined. Yields from the Estates were affected by unusually dry weather during July and August. Production from a reduced area available for tapping, due to replanting, was therefore lower in consequence.

Our joint development Company Mambang Di-Awan Sdn Berhad, to which I have referred previously, enjoyed a most successful first year of operation, producing 3,710 piculs of tin ore concentrates (234.4 tonnes) during the nine months ended 30th September, 1981. During the first four months of the current financial year 3,344 piculs (202.2 tonnes) have been produced.

The General Managers continued to carry out preliminary investigations of possible new mining areas in overseas territories.

The results achieved for the year under review were more or less as predicted. For the current year, provided as always the prices of tin and rubber are not unduly depressed by unfavourable economic trends and notwithstanding slightly lower production levels from both tin and rubber sources, we may look forward to satisfactory results and, I hope, a more secure future.

J. D. HELLINGS, Chairman

**Decline to £374,000 at Hewitt**

As forewarned, a fall in turnover from £4.98m to £4.5m and £374,000 against £611,906 is lower 1981 pre-tax profits of reported by J. Hewitt and Son (Fenton).

At half-way, a profit decline from £290,000 to £84,000 was recorded and the directors said that although the second half should see some improvement, the full year's result would show a substantial downturn.

Tax for 1981 took £29,433 (£154,908), leaving earnings per 25p share down from 19.2p to 14.2p. The net dividend total is being lifted, however, from 1.5p to 1.95p, with a final of 1.5p.

**Second City Properties increases to £647,666**

A RISE of £78,807 has been shown in the taxable results from Second City Properties, private and public developer, for the six months to October 31 1981. Pre-tax profits stood at £647,666 and turnover improved from £7.37m to £8.36m.

"The current state of the economy and the severe winter make it unwise for me to make a full year forecast," says Mr G. Joberns, chairman. "However the group continues to be soundly based and is well placed to take advantage of any economic recovery."

The net interim dividend per ordinary 10p share has been declared at 0.6191p compared with a previous adjusted payment of 0.4952p. Last year's total payment was equivalent to 1.7721p, allowing for a one-for-four scrip issue.

Mr Joberns considers the pre-tax result to be satisfactory as it has been achieved in a difficult economic period.

Tax was higher at £336,795 (£285,807). The charge for the six months has been calculated on a notional basis, ignoring stock relief and differences between tax allowances given for capital expenditure and depreciation provided in arriving at the profit. Full allowance for the adjustments will be dealt with in the accounts to April 30 1982.

Net profits emerged higher at £310,880 (£273,052).

**Arncliffe improves to £0.49m**

IMPROVED margins and careful cost control at Arncliffe Holdings, property developer and building contractor, have helped increase the profits on lower turnover.

The pre-tax surplus improved from £483,972 to £495,558 on turnover £496,000 lower at £4.98m for the 12 months to October 31, 1981.

The final dividend is held at 1.54p, which repeats the total at 2.95p. Stated earnings per ordinary 10p share improved from 8p to 8.5p.

On a current cost basis the pre-tax figure was £345,000.

Provisions at the end of the year were higher than 12 months ago despite a reduction in the level of customers' accounts receivable.

Although the average un-weighted cost of borrowing was 2.8 per cent lower than in the previous trading period, the directors explain that the final quarter has been the most difficult of the highest level of the year.

They add that the current downward trend in interest rates is welcome, particularly as it is anticipated that the level of borrowings will increase this year to meet the demands of Cattle's Holdings Finance expansion plans.

Overall, "the pragmatic approach adopted by the management of the operating subsidiaries to the difficult trading conditions has been encouraging. The programme of reorganisation to effect substantial cost savings is being tackled and an improving return on capital employed is anticipated."

A final dividend of 0.8p makes the net 1981 total 1p per 10p share compared with 0.2p for nine months.

Turnover of the group, whose interests include financial services, retailing and merchandising and insurance broking, totalled £64m for the year (£53m).

Tax took £211,000 (£134,000) and after reduced extraordinary debits of £13,000 (£38,000) the attributable balance emerged at £578,000, compared with a deficit of £288,000.

Retained profits came through at £291,000 (£345,000 loss).

**THE LONG-TERM CREDIT BANK OF JAPAN FINANCE N.V.**

**U.S.\$25,000,000 Guaranteed Floating Rate Notes due 1988**

For the six months 22nd March 1982 to 22nd September 1982 the Notes will carry an interest rate of 15 7/8% per annum with a coupon amount of U.S.\$394.51.

Bankers Trust Company, Singapore Agent Bank

**SCOTLAND INTERNATIONAL FINANCE B.V.**

US\$100,000,000

Guaranteed Floating Rate Notes 1992

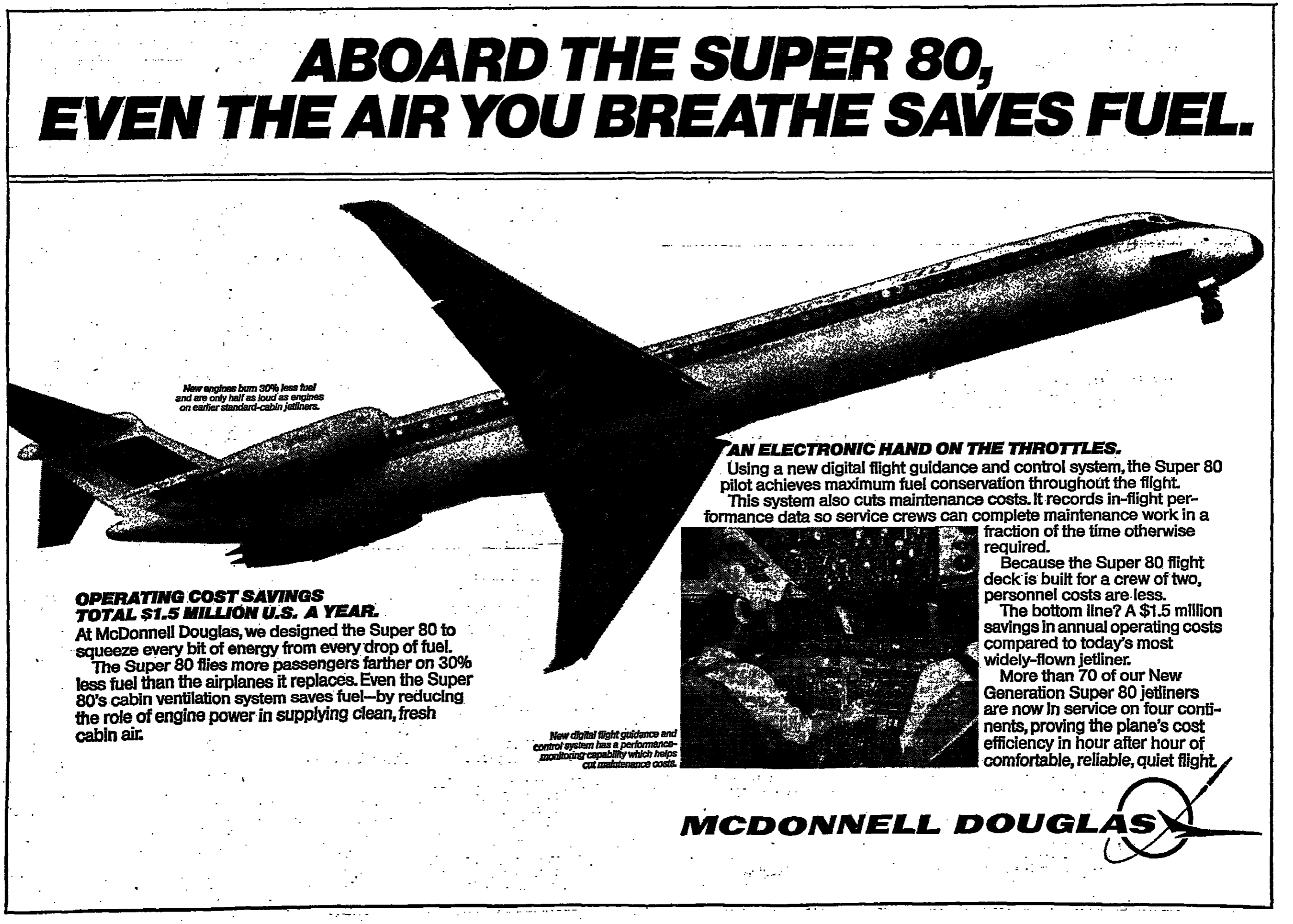
For the six months from 23rd March 1982 to 22nd September 1982 the Notes will carry an interest rate of 15 3/4% per annum.

The relevant interest payment date will be 23rd September 1982.

Coupon 2 will be for U.S. \$392.92.

Agent Bank  
Barclays Bank PLC  
Securities Services Department  
54 Lombard Street  
London EC3P 3AH

**ABOARD THE SUPER 80, EVEN THE AIR YOU BREATHE SAVES FUEL.**



New engines burn 30% less fuel and are only half as loud as engines on earlier standard-cabin jetliners.

**AN ELECTRONIC HAND ON THE THROTTLES.**

Using a new digital flight guidance and control system, the Super 80 pilot achieves maximum fuel conservation throughout the flight. This system also cuts maintenance costs. It records in-flight performance data so service crews can complete maintenance work in a fraction of the time otherwise required.

Because the Super 80 flight deck is built for a crew of two, personnel costs are less.

The bottom line? A \$1.5 million savings in annual operating costs compared to today's most widely-flown jetliner.

More than 70 of our New Generation Super 80 jetliners are now in service on four continents, proving the plane's cost efficiency in hour after hour of comfortable, reliable, quiet flight.

**OPERATING COST SAVINGS TOTAL \$1.5 MILLION U.S. A YEAR.**

At McDonnell Douglas, we designed the Super 80 to squeeze every bit of energy from every drop of fuel. The Super 80 flies more passengers farther on 30% less fuel than the airplanes it replaces. Even the Super 80's cabin ventilation system saves fuel—by reducing the role of engine power in supplying clean, fresh cabin air.

New digital flight guidance and control system has a performance-monitoring capability which helps cut maintenance costs.

**MCDONNELL DOUGLAS**









Companies and Markets

UK COMPANY NEWS

BIDS AND DEALS
Illingworth trustee granted extension

THE JUDICIAL trustee of the 27 per cent holding in wool textile group, Illingworth Morris, has been granted an extension to consider the purchase option granted by Mrs Pamela Mason to Abele, a private Isle of Man company run by Mr Alan Lewis, before the proceedings go to the High Court. A further three weeks extension may be granted in a fortnight but at the latest the group expects the court application to be heard early in May.

M. Lewis already holds a 19.1 per cent stake in the company and has an option to acquire a further 27 per cent of the voting equity at a price of 11.68p per share. Mrs Mason, however, was removed as executrix of her father's estate. Illingworth's co-founder, Mr Isidore Ostrer, and the judicial trustee was appointed in a court action by Mrs Isabella Blench, half sister of Mrs Mason.

At stake is the price at which the option was granted—the price is expected to be strongly resisted by other members of the family—and the principle of paying a premium for enfranchisement. Both classes of the equity have been priced one under the option agreement.

WATERWORKS
JERSEY NEW
The Jersey New Waterworks Company has been approached by the States of Jersey to discuss the sale of a controlling interest in the company's equity.

CAPEL COURT
Capel Court Corporation, the Australian merchant bank, has agreed to recommend unanimously to its shareholders that they accept the bid made by T and S Mutual Life Society and Samuel Montagu and Co.

ACROW AUTOMATION
IN SWITZERLAND
FOLLOWING THE expansion plans announced by Mr Brian Walters, the new managing director when he joined the company in 1980, Acrow Automation has appointed a Swiss distributor for all Automation products in Switzerland.

J. & J. Makin
profits slump at six months
After associated losses of £39,000 pre-tax profits at J. and J. Makin Paper Mills slumped from £576,000 to £265,000 for the six months to September 30 1981.

Williams & James
holds final
A REDUCTION in second-half losses from £73,237 last time to £35,545 enabled Williams and James (Engineers) to cut the full year pre-tax deficit for 1981 to £5,828, compared with £45,670. The result this time was struck after exceptional charges of £57,000.

Relyon up to £1.8m
After a near doubling of pre-tax profits at the interim stage, Relyon FBS, manufacturers of mattresses and divans, reports lower second half profits of £781,000, down from £896,000 in 1980. Total profits for the year at £1.8m pre-tax, up from £1.45m in 1980, are back to the 1979 level.

Rustenburg Holdings
Platinum Limited
Consolidated Interim Report for the six months ended 28 February 1982

CONSOLIDATED INCOME STATEMENT
The unaudited consolidated Income Statement for the six months to 28 February 1982, together with comparable figures, is set out below:

Table with columns: Six months to 28.2.82, Six months to 28.2.81, Twelve months to 31.5.81. Rows include Net operating profit before provisions, Provision for renewals and replacements, Profit before taxation, Taxation, Tax normalisation, Profit after taxation, Dividends, Available for transfer to reserves, Earnings per share (cents), Dividend per share (cents), Dividend cover.

LONDON TRADED OPTIONS

Table with columns: Option, Expiry, Closing price, Vol., Closing offer, Vol., Closing offer, Vol., Equity close. Includes options for BP, GEC, Gird Met, ICI, Land Sec, Lloyds, etc.

Barclays (c) 420 42 5 65 73 455p
Barclays (c) 460 15 4 30 25 25
Barclays (c) 500 15 5 30 25 25

EUROPEAN OPTIONS EXCHANGE
Series Vol. May Last Vol. Aug. Last Vol. Nov. Last Stock
GOLD C \$300 2 58 15 28.50 10 48 5280.75

SALES DOWN FOR RELIABLE PROPERTIES
Taxable profits of property dealer Reliable Properties dropped from £294,000 to £274,000 in the half year to December 31 1981.

BANCO HISPANO
A placing of 800,000 existing shares of Banco Hispano Americano SA has been arranged by Singer and Friedlander. The shares, which represent 1.4 per cent of the bank's issued share capital, have been sold by one of its controlled associates, and bought by institutions in London and New York.

WEBER ELECTRO
Next Thursday's annual general meeting for Weber Electro Components starts at noon, and not at 11 am as stated yesterday in the Week's Financial Diary.

Kingdom of Denmark
U.S.\$ 100,000,000
Floating Rate Notes due 1988
In accordance with the provisions of the Notes, notice is hereby given that for the interest period from March 22, 1982 to September 22, 1982 the Notes will carry an interest rate of 15 7/8 % per annum.

BASE LENDING RATES
A.B.N. Bank 13%
Allied Irish Bank 13%
American Express Bk 13%
Amro Bank 13%
Heury Ansbacher 13%
Arbutnot Latham 13%
Associates Cap. Corp. 13%
Banque de Bilbao 13%
BCCI 13%
Bank Hapoalim BM 13%
Bank Leumi (UK) plc 13%
Bank of Cyprus 13%
Bank Street Sec. Ltd. 13%
Bank of N.S.W. 13%
Banque Belge Ltd. 13%
Banque du Rhone et de la Tamise S.A. 13 1/4%

1978
Since the first toy came off their north east production line at Peterlee, Fisher-Price have never looked back.

1982
That's not surprising. For the north east is a great place to live and work. Its communications are excellent. Its workforce are skilled and flexible. And its labour relations are second to none.

As soon as Fisher-Price landed, they took off. Peterlee Development Corporation, Peterlee, County Durham SR8 1BB. Telephone (0783) 863366. Telex 537246.

AYCLIFFE PETERLEE
THE ANSWER FOR INDUSTRY

BASE LENDING RATES

Table with columns: Bank Name, Rate. Includes A.B.N. Bank, Allied Irish Bank, American Express Bk, Amro Bank, Heury Ansbacher, Arbutnot Latham, Associates Cap. Corp., etc.

1978
Since the first toy came off their north east production line at Peterlee, Fisher-Price have never looked back.

1982
That's not surprising. For the north east is a great place to live and work. Its communications are excellent. Its workforce are skilled and flexible. And its labour relations are second to none.

As soon as Fisher-Price landed, they took off. Peterlee Development Corporation, Peterlee, County Durham SR8 1BB. Telephone (0783) 863366. Telex 537246.

AYCLIFFE PETERLEE
THE ANSWER FOR INDUSTRY

BASE LENDING RATES

Table with columns: Bank Name, Rate. Includes A.B.N. Bank, Allied Irish Bank, American Express Bk, Amro Bank, Heury Ansbacher, Arbutnot Latham, Associates Cap. Corp., etc.

1978
Since the first toy came off their north east production line at Peterlee, Fisher-Price have never looked back.

1982
That's not surprising. For the north east is a great place to live and work. Its communications are excellent. Its workforce are skilled and flexible. And its labour relations are second to none.

As soon as Fisher-Price landed, they took off. Peterlee Development Corporation, Peterlee, County Durham SR8 1BB. Telephone (0783) 863366. Telex 537246.

AYCLIFFE PETERLEE
THE ANSWER FOR INDUSTRY

BASE LENDING RATES

Table with columns: Bank Name, Rate. Includes A.B.N. Bank, Allied Irish Bank, American Express Bk, Amro Bank, Heury Ansbacher, Arbutnot Latham, Associates Cap. Corp., etc.

1978
Since the first toy came off their north east production line at Peterlee, Fisher-Price have never looked back.

1982
That's not surprising. For the north east is a great place to live and work. Its communications are excellent. Its workforce are skilled and flexible. And its labour relations are second to none.

As soon as Fisher-Price landed, they took off. Peterlee Development Corporation, Peterlee, County Durham SR8 1BB. Telephone (0783) 863366. Telex 537246.

AYCLIFFE PETERLEE
THE ANSWER FOR INDUSTRY

BASE LENDING RATES

Table with columns: Bank Name, Rate. Includes A.B.N. Bank, Allied Irish Bank, American Express Bk, Amro Bank, Heury Ansbacher, Arbutnot Latham, Associates Cap. Corp., etc.

1978
Since the first toy came off their north east production line at Peterlee, Fisher-Price have never looked back.

1982
That's not surprising. For the north east is a great place to live and work. Its communications are excellent. Its workforce are skilled and flexible. And its labour relations are second to none.

As soon as Fisher-Price landed, they took off. Peterlee Development Corporation, Peterlee, County Durham SR8 1BB. Telephone (0783) 863366. Telex 537246.

AYCLIFFE PETERLEE
THE ANSWER FOR INDUSTRY

BASE LENDING RATES

Table with columns: Bank Name, Rate. Includes A.B.N. Bank, Allied Irish Bank, American Express Bk, Amro Bank, Heury Ansbacher, Arbutnot Latham, Associates Cap. Corp., etc.

1978
Since the first toy came off their north east production line at Peterlee, Fisher-Price have never looked back.

1982
That's not surprising. For the north east is a great place to live and work. Its communications are excellent. Its workforce are skilled and flexible. And its labour relations are second to none.

As soon as Fisher-Price landed, they took off. Peterlee Development Corporation, Peterlee, County Durham SR8 1BB. Telephone (0783) 863366. Telex 537246.

AYCLIFFE PETERLEE
THE ANSWER FOR INDUSTRY

BASE LENDING RATES

Table with columns: Bank Name, Rate. Includes A.B.N. Bank, Allied Irish Bank, American Express Bk, Amro Bank, Heury Ansbacher, Arbutnot Latham, Associates Cap. Corp., etc.

1978
Since the first toy came off their north east production line at Peterlee, Fisher-Price have never looked back.

1982
That's not surprising. For the north east is a great place to live and work. Its communications are excellent. Its workforce are skilled and flexible. And its labour relations are second to none.

As soon as Fisher-Price landed, they took off. Peterlee Development Corporation, Peterlee, County Durham SR8 1BB. Telephone (0783) 863366. Telex 537246.

AYCLIFFE PETERLEE
THE ANSWER FOR INDUSTRY

BASE LENDING RATES

Table with columns: Bank Name, Rate. Includes A.B.N. Bank, Allied Irish Bank, American Express Bk, Amro Bank, Heury Ansbacher, Arbutnot Latham, Associates Cap. Corp., etc.

1978
Since the first toy came off their north east production line at Peterlee, Fisher-Price have never looked back.

1982
That's not surprising. For the north east is a great place to live and work. Its communications are excellent. Its workforce are skilled and flexible. And its labour relations are second to none.

As soon as Fisher-Price landed, they took off. Peterlee Development Corporation, Peterlee, County Durham SR8 1BB. Telephone (0783) 863366. Telex 537246.

AYCLIFFE PETERLEE
THE ANSWER FOR INDUSTRY

AUTHORISED TRUSTS

Table listing various authorized trusts and their managers, including Abbey Unit Trst Mgrs, AHR Unit Trst Mgrs, and others.

Companies and Markets CURRENCIES; MONEY and GOLD

Dollar firm

The dollar was slightly firmer in currency markets yesterday, reflecting to some extent switching out of weaker European currencies. Also predictions of increased Federal funding requirements in April tended to underpin the U.S. unit with the likelihood of U.S. interest rates remaining attractively high.

THE POUND SPOT AND FORWARD

Table showing pound spot and forward rates for various countries including UK, Canada, Ireland, and others.

THE DOLLAR SPOT AND FORWARD

Table showing dollar spot and forward rates for various countries including UK, Canada, Ireland, and others.

EMS EUROPEAN CURRENCY UNIT RATES

Table showing EMS European Currency Unit rates for various currencies like Belgian Franc, Danish Krone, etc.

CURRENCY MOVEMENTS CURRENCY RATES

Table showing currency movements and rates for Sterling, U.S. dollar, Canadian dollar, etc.

OTHER CURRENCIES

Table showing other currencies like Argentine Peso, Brazil Cruzeiro, etc.

EXCHANGE CROSS RATES

Table showing exchange cross rates for Pound Sterling, U.S. Dollar, etc.

FT LONDON INTERBANK FIXING (11.00 a.m. MARCH 22)

Table showing FT London interbank fixing rates for 3 months and 6 months U.S. dollars.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

Table showing Euro-currency interest rates for various terms like 7 days' notice, 1 month, etc.

MONEY MARKETS

Short-term interest rates had a slightly firmer trend in the London market yesterday, with three-month interbank money rising to 13 1/4-13 1/2 per cent from 13-13 1/4 per cent.

MONEY MARKETS

London rates firm (15-33 days) at 13 per cent; 2 1/2% in band 3 (34-63 days) at 12 1/2 per cent; and 2 1/2% in band 4 (64-93 days) at 12 1/2 per cent.

GOLD

Gold rose 85 an ounce from Friday's closing level in the London market yesterday, with the price in Frankfurt gold closed at \$320.10.

MONEY RATES

Table showing money rates for New York, Germany, and France.

LONDON MONEY RATES

Table showing London money rates for various terms like Overnight, 1 month, etc.

Companies and Markets

INTERNATIONAL COMPANIES and FINANCE

New Zealand raises \$250m with first floating rate issue

By Alan Friedman

NEW ZEALAND is raising \$250m through the issue of five-year floating rate notes which bear a spread of 1/2 per cent above the six-month London interbank offered rate (Libor).

The floating rate notes, New Zealand's first such issue, provides a 5 1/2 per cent minimum coupon and is being led by Kidder Peabody International.

Although New Zealand has borrowed in the Euro-Dollar, Swiss franc and yen sectors, this is the first appearance in the Euro-dollar bond market since 1977.

The spread of 1/2 point above Libor reflects the relatively favoured reputation New Zealand has enjoyed of late in the Euro-market.

The fixed-interest Euro-dollar sector is \$500 million issue as out for Gulf States Utilities, the Triple E-rated U.S. utility, CSFB is leading the offer, which provides a 16 per cent coupon and an indicated price of 99 1/4.

The last time Gulf States came to the Eurobond market it paid a whopping 17 1/2 per cent coupon on its \$60m issue; that was last September.

Yesterday saw a rather quiet secondary market in the Euro-dollar sector, with professional dominated trading and prices were generally unchanged.

Euroclear and Cedel, for example, continue to show very large settlement statistics. It seems clear that trading activity has been moderate to heavy.

In the Canadian dollar sector a \$200 million 16 1/2 per cent issue was launched last night for the Province of Quebec, one of the Euro-mar-

Portugal's credit terms surprise bankers

By Diana Smith in Lisbon and Peter Montague in London

PORTUGAL has confounded the expectations of the Eurocredit market by successfully negotiating a 3 per cent margin for its forthcoming \$300m eight-year credit.

The loan will bear a margin of 3 per cent over Eurodollar rates for the first six years of its life, declining to 1/2 per cent thereafter.

News of the margins came as a shock to bankers in London who had been expecting Portugal to abandon efforts to retain the 1/2 element in the face of growing market resistance to such deals.

Only last week another southern European borrower, Greece, opted for a credit bearing a margin of 1/2 per cent for eight years.

But bankers fear that Portugal's credit could receive a less than enthusiastic welcome when it enters syndication. A similar fate befell a recent loan for the country's development bank Banco de Fomento Nacional which sought to raise \$120m on a split 1-1/2 per cent margin late last year.

There are two mitigating factors for the conditions on the latest loan. The front-end fees are reported to be much higher than last year, and the 1/2 per cent margin will only apply after repayments have already started.

Lead managers of the credit are expected to include Chase Manhattan, Citicorp, Lloyds Bank, International and National Westminster as well as a number of Japanese banks.

Lead managers of the credit are expected to include Chase Manhattan, Citicorp, Lloyds Bank, International and National Westminster as well as a number of Japanese banks.

Lead managers of the credit are expected to include Chase Manhattan, Citicorp, Lloyds Bank, International and National Westminster as well as a number of Japanese banks.

Moody's has moved on the credit ratings of nine large U.S. banks. David Lascelles reports Rating cut for banks echoes wider problems

By David Lascelles in New York

THE DOWNGRADING of the credit rating of nine of the largest banks in the U.S. by Moody's last week was one of the most sweeping of its kind. While certainly not grounds for suspecting that any of them are about to go bust, it shows that the U.S. banking industry is feeling a bit of strain.

The New York credit rating agency, demoted from prized triple A status to double A, the largest bank in the U.S., Chase Manhattan, Manufacturers Hanover and Chemical Bank all of New York, Continental Illinois, Chicago's biggest bank, Mellon National Bank, the largest in Pennsylvania, National City, number three in Ohio, and First Bank System and North-west Bank, two large regional banks based in Minneapolis.

This year of Citicorp, New York's largest bank, only one major U.S. banking group now warrants triple A at Moody's: J.P. Morgan, the parent of Morgan Guaranty, of which Moody's says glowingly, "It has remained clearly superior profitability, and leverage and asset quality."

The downgrading applies only to the banking group's bonds. The banks' standing for letters of credit, commercial paper and so on remains unaffected. In practice it means that these banks will have to pay slightly more for their money in the capital markets and not surprisingly, they are distressed by Moody's move.

Mr Sam Armacost, president of Bank of America, said he disagrees with it because of his bank's "uniqueness and quality." Chase commented archly: "All we can say is that Moody's awarded us a triple A rating in 1979, and since that time our performance by virtually every financial measure has steadily and substantially improved."

The timing of Moody's action strongly suggests that it is linked to the sharp increase in "Leverage" — the extent to which a bank's total assets exceed its equity — has risen sharply. Since 1980, equity has declined from 8.1 per cent to 5.8 per cent of total assets at U.S. commercial banks. This means that for every dollar of equity in the banking industry, there is now about \$17.50 in assets, mostly loans.

And the ratio is much higher at the large and best-known banks, where every dollar of equity supports \$28 of assets against only \$11 in 1980. This may have kept profits growing, but the cost has been a greater vulnerability at a time when banks have come under all sorts of other pressures too, such as inflation, regulatory constraints and, most recently, strong foreign bank competition on their home turf.

The mass demotion was made as a result of a thoroughgoing review by Moody's of the state of the U.S. banking industry. This showed that while most U.S. banks are still immensely strong and well-managed they have been forced by their unending quest for growth and profits to pile on ever heavier loads of business on to their equity base, which has not

grown at the same rate. "Leverage" — the extent to which a bank's total assets exceed its equity — has risen sharply. Since 1980, equity has declined from 8.1 per cent to 5.8 per cent of total assets at U.S. commercial banks. This means that for every dollar of equity in the banking industry, there is now about \$17.50 in assets, mostly loans.

And the ratio is much higher at the large and best-known banks, where every dollar of equity supports \$28 of assets against only \$11 in 1980. This may have kept profits growing, but the cost has been a greater vulnerability at a time when banks have come under all sorts of other pressures too, such as inflation, regulatory constraints and, most recently, strong foreign bank competition on their home turf.

The timing of Moody's action strongly suggests that it is linked to the sharp increase in "Leverage" — the extent to which a bank's total assets exceed its equity — has risen sharply. Since 1980, equity has declined from 8.1 per cent to 5.8 per cent of total assets at U.S. commercial banks. This means that for every dollar of equity in the banking industry, there is now about \$17.50 in assets, mostly loans.

And the ratio is much higher at the large and best-known banks, where every dollar of equity supports \$28 of assets against only \$11 in 1980. This may have kept profits growing, but the cost has been a greater vulnerability at a time when banks have come under all sorts of other pressures too, such as inflation, regulatory constraints and, most recently, strong foreign bank competition on their home turf.

new lines of business or geographic regions. The regulators have tried to adapt to changing times, but as Moody's notes, "changes in regulations tend to lag behind changes in circumstances."

On the funding side, banks have been hard-pressed by the popular money market funds which have lured savers away from the banking system with their high yields. On the lending side, pricing has become keenly competitive with the inroads made by foreign banks and the commercial paper market, where large corporations can get loans more cheaply than at banks.

Banks have responded by paring profit margins to keep business. But they have also, Moody's says, expanded into new fields, such as foreign lending, which carry greater risk, and even mortgages which cost some large banks very dearly. Aggressive banks have also been tempted to gamble by deliberately mis-matching their balance sheets in the hope that interest rates will fall in a way that will reduce their funding costs and raise the yield on their assets.

The trouble is, interest rates are now so volatile that they can just as easily move the wrong way with Moody's says, "occasionally disastrous results."

Prudence has many dimensions," he said. "But I must tell you in all candour that I am uneasy about the slippage in one key measure of banking strength — the capital position of some of our large banking organisations over much of the post-war period." He urged banks to try to strengthen their capital bases and warned that the Fed would be watching their efforts closely.

The Comptroller's office is trying to tighten up the definition of capital adequacy. However, its efforts have been slowed by a barrage of complaints from the banking industry which thinks the proposals too constricting. The latest set of proposals from the Office have loosened them a bit, but it could still be some time before they get to the rule book.

The Comptroller's office is trying to tighten up the definition of capital adequacy. However, its efforts have been slowed by a barrage of complaints from the banking industry which thinks the proposals too constricting. The latest set of proposals from the Office have loosened them a bit, but it could still be some time before they get to the rule book.

The Comptroller's office is trying to tighten up the definition of capital adequacy. However, its efforts have been slowed by a barrage of complaints from the banking industry which thinks the proposals too constricting. The latest set of proposals from the Office have loosened them a bit, but it could still be some time before they get to the rule book.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these other bonds see the complete list of Eurobond prices which will be published next on Thursday April 15.

Table with columns: U.S. DOLLAR, DEUTSCHE MARK, STRAIGHTS, CONVERTIBLE, OTHER STRAIGHTS, FLOATING RATE, and various bond listings with columns for Issued, Bid, Offer, Change, and Yield.

Takeover offer for GAF wins favourable response

By David Lascelles in New York

GAF CORPORATION, the troubled New York-based chemicals and building materials business is sold, GAF said. In a leveraged buy-out, the acquiring company uses the assets of the company to buy back the debt.

If any of the deals go through, they could finally bring to an end the decades-old saga of GAF, which has consistently had one of the worst profitability records in U.S. industry.

Last year, it sold about half a dozen businesses in order to concentrate solely on chemicals and building materials.

GAF shares have recently been trading at a 12-month low of \$8.75, giving it a market capitalisation of about \$125m.

Lynch profits helped by CIT Alcatel equity

By Terry Byland

THE FINANCIAL condition of Lynch Communication Systems, the Nevada-based manufacturer of electronic telecommunications equipment, improved substantially as a result of the equity infusion from CIT Alcatel of Paris, according to Mr E. Dertinger, Lynch chairman.

Fiscal 1981 brought a turnaround from a loss of \$2.6m to a profit of \$329,000 on 25 cents share. Sales rose 20 per cent to \$47.4m.

Premium income higher at Assicurazioni

By James Buxton in Rome

ASSICURAZIONI GENERALI, Italy's largest insurance company, announces a 22 per cent rise in premium income for 1981 and a scrip issue.

The company says premium income last year was L1,700m and that its investment portfolio was L2,000m, showing an increase of 30 per cent. Income from investments was up 29 per cent at L260m.

Assicurazioni Generali plans a one-for-four scrip issue. It is also to give its shareholders a stake in its three-thirds owned subsidiary, Alleanza Assicurazioni, on a one-for-five basis.

Ford Argentina to lay off 22% of workforce

By Jimmy Burns in Buenos Aires

ARGENTINA'S motor industry crisis deepened with the announcement by Ford Argentina over the weekend that it planned to lay off indefinitely 22 per cent of its estimated 13,500 workers.

The layoffs affect the group's three main plants at Pacheco near Buenos Aires, and Troncos and Metcon in the northern city of Cordoba. They are aimed at reducing production at a time of sharply lower sales.

Ford has been the hardest hit by the recession in the Argentine motor industry. The company, a subsidiary of Ford of the U.S., badly misjudged

Table with columns: ASSETS, LIABILITIES, DEFERRED TAXATION, SUBORDINATED LOAN NOTES, SHARE CAPITAL AND RESERVES. Rows include Cash in hand, Bank certificates, Investments, Loans, etc.

European Banking Company Limited. Consolidated Balance Sheet as at 31st December 1981 and 1980. Includes Directors list and contact information.

Copies of the Report and Accounts 1981, can be obtained from the Registered Office: 150 Leadenhall Street, London EC3V 4PP. Telephone: 01-638 3654. Telex: 8811001

INTERNATIONAL COMPANIES and FINANCE

Veba holds dividend as year's net profits rise to DM 461m

BY JONATHAN CARR IN BONN

VEBA, West Germany's biggest industrial concern in turnover terms, proposes to pay an unchanged 15 per cent dividend after increasing group net profit in 1981 to DM 461m (\$193.7m) from DM 392m a year earlier.

Increase in earnings at Bayerische Vereinsbank

BY STEWART FLEMING IN FRANKFURT

FOR THE second successive year Bayerische Vereinsbank, West Germany's fourth largest commercial bank with assets of DM 98.3bn, has bucked the downward trend in banking profits and announced increased earnings for 1981.

Wagons-Lits moves ahead

BY OUR FINANCIAL STAFF

WAGON-LITS, the Belgian-based railway services, catering and hotels group, reports a net profit of BFr 309.9m (\$7m) for 1981, a rise of 16 per cent over the BFr 266.8m returned in 1980.

Luxembourg steelmaker deeper in the red

By Our Financial Staff

ARBED, the Luxembourg steelmaker, has moved deeper into the red with a loss of LFr 3.2bn (\$715m) for 1981. The loss compares with a deficit in 1980 to LFr 1.6bn and LFr 218m in 1979, and reflects falling sales and mounting financial charges.

Arbed also points out that the favourable trend in group cash flow starting last September "has been slightly disturbed by weak production at the end of the year and in January."

Once again, shareholders will not receive a dividend. The latest annual losses are the second largest on record at Arbed which turned in a deficit of LFr 4.5bn in 1976.

Jacques Borel plans merger

By David White in Paris

JACQUES BOREL International, the restaurant business which went through a spectacular rise and fall in the late 1970s, plans to merge with Novotel, the hotel chain which took over its own troubled hotel interests in 1980.

The two founders of Novotel, M Paul Dubrule and M Gerard Pellisson, were appointed to head the Jacques Borel board at the beginning of last year.

The agreement reached between the two boards involves a share exchange on the basis of three Novotel shares for between 20 and 25 Jacques Borel shares. Final details are still under study.

Andrew Fisher examines two members of the former Burmeister and Wain group Burmeister yard bounces back

BURMEISTER and Wain Shipyard, the Copenhagen shipbuilder whose parent went bankrupt in 1980, has emerged into profit on its order book of fuel-efficient bulk carriers but will report a hefty loss for the past year and a half.

The actual figures will be announced in May or June and cover the period from the yard's re-establishment as a separate company outside the bankrupt group in mid-1980 with the shares controlled by the Danish government.

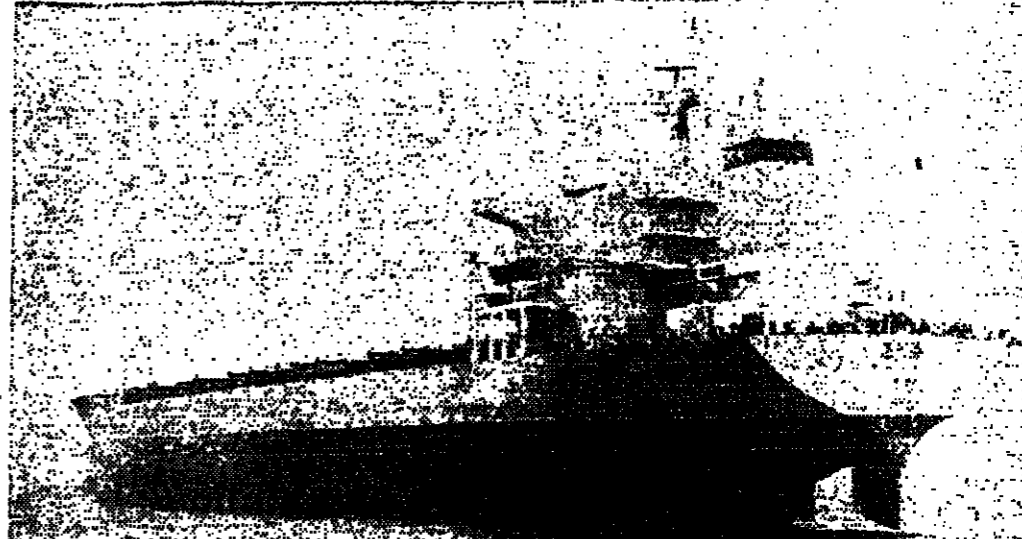
Burmeister and Wain is also building a further three for COSCO and next Monday is due

to deliver the seventh ship in the run to Newark Shipping of Liberia for management by Wheelock Marine Services of Hong Kong.

This is part of the Wheelock Marden group which has played an important role in starting off Burmeister's chunky Panamax order book. It took delivery of the Danelock, the first in the series, in January, 1981 and the Hydrolock a little later.

A further seven of the ships were on order to Wheelock at the start of this year, with other Burmeister customers including Canadian Pacific (two on order) and British and Commonwealth Shipping (one).

Like B and W Diesel, the yard has had a lot of financial leeway to make up since the overall parent, B and W A/S, slid ignominiously into insolvency.



The Wen Zhou Hai built for COSCO

Their success stems from the combination of the yard's own hull design with the fuel-economy engines of B and W Diesel, now part of the MAN engineering group of West Germany.

Like B and W Diesel, the yard has had a lot of financial leeway to make up since the overall parent, B and W A/S, slid ignominiously into insolvency.

In the immediate aftermath, the yard was without money to buy raw materials and had to rely on large amounts of pre-delivery ship financing from the Danish Government to keep it going.

Healthy though this order book may be, the yard has not actually had a new contract for a year. But Mr Cato Sverdrup, the Norwegian-born managing

director, professes not to be too worried.

"We can afford to wait—at least for a year," he said. The yard's streamlined hull design could be used in other types of bulk carriers, as well as medium-sized oil product tankers, he noted. The main emphasis is now on deciding which area of the market is likely to provide business from the mid-1980s.

MAN injection gives B and W Diesel a boost

TWO YEARS ago, when B and W Diesel was struggling along in the financial wash caused by the problems of its parent concern, its order book for new engines was less than half the present DKr 1.5bn.

Since then, said Mr Gerrit Korte, the managing director, "the target has been to rebuild a firm with a world-wide reputation which had suffered terribly from these financial problems."

With the aid of some DKr 300m in equity funds put in by MAN of West Germany, which took the Danish company

over, it was able to start on the difficult climb back to profitability. MAN also provided DKr 50m of much-needed working capital.

Like Burmeister and Wain on the shipbuilding side, B and W Diesel has an enviable reputation for its marine engines. They are used in the shipyard's successful Panamax range and rank among the most fuel-efficient in the world.

This year, said Mr Korte, who comes from Germany, the diesel company expects to turn in a "positive result" compared

with a loss of DKr 60m, or DKr 110m before MAN's DKr 50m injection, in 1980 and a small loss in 1981.

Turnover is set to rise from just over DKr 1bn in 1980 and DKr 1.4bn last year to DKr 1.8bn in 1982. Up to a tenth of this comes from royalty income from builders of B and W engines under licence.

The company's main strengths lie in the development and building of low-speed two-stroke engines in which it has about half the world market. It is these which have made B and W

Diesel a major force in the provision of economic propulsion units for cargo ships.

There are few major engine builders in the world today, though a host of licensees, but B and W Diesel does not have things all its own way on the fuel-economy side.

Just before Christmas, Sulzer of Switzerland announced a new engine range which it claimed offered the world's lowest fuel consumption. "We take it as a challenge," commented Mr Korte.

Shortly, B and W Diesel will

come out with a new small-bore engine as the forerunner of a new series. But so much has been achieved in making efficient engines that further improvements are bound to be small.

Although not formally linked with Burmeister and Wain Shipyard, the diesel company works with it closely on new designs. Thus the accelerating search by the yard for another profitable sector once the Panamax orders run out will be closely bound up with developments on the diesel side.

French textile group stages recovery

BY OUR PARIS CORRESPONDENT

ONE OF France's leading textile producers, the DMC group, says operating accounts moved back into profit for the second half of last year following an upturn in sales.

The group indicated however that the net results for the year were little changed from 1980's FFr 70m (\$11m) deficit. Halfway through the year it had already run up a loss of FFr

54m. But it said that the latest loss stemmed essentially from the cost of shedding jobs under its restructuring programme.

This aside, its industrial operations roughly broke even for the year as a whole. This marks an improvement on 1980, when on a comparable basis it showed a FFr 25m net loss.

Sales recovered sharply from September onwards, particularly in exports, DMC said.

Group turnover for the year reached FFr 5.2bn — a 15 per cent increase in comparable terms. Exports made up 65 per cent of the total.

Italian bank lifts payment

BANCA Commerciale Italiana, one of the three banks in which the state industrial holding company IRI has a controlling stake and in 1980 the second biggest in the country more than doubled its profits to L42.5bn (\$85.2m) last year from L22.5bn for 1980, writes James Burston in Rome. The dividend for 1981 is to be increased from L600 to L700 a share.

portion of deposits due to clients rather than other banks was up only 10 per cent at L14.912bn, compared with an annual inflation rate in Italy last year of 13.5 per cent. The reason for this is the general drop in real rate of growth of deposits as investors put their money directly into government stock. Last year Banca Commerciale Italiana's capital was doubled by IRI to L210bn.

Advertisement for Avon Products, Inc. and Mallinckrodt, Inc. merged into Blyth Eastman Paine Webber Incorporated. Includes text: "We assisted in initiating this transaction, acted as financial advisor to Avon Products, Inc., and acted as Dealer Manager for its tender offer."

Advertisement for The Japan Development Bank. Features: "U.S. \$ Denominated 8% Yen-Linked Guaranteed Notes 1987 of an aggregate principal amount equivalent to Yen 12,500,000,000". Lists numerous international banks and financial institutions.

Advertisement for Girozentrale und Bank der österreichischen Sparkassen Aktiengesellschaft. Features: "U.S. \$75,000,000" and "Floating Rate Subordinated Notes Due 1991".

Advertisement for The Industrial Bank of Japan, Limited. Features: "U.S. \$20,000,000" and "Floating Rate London-Dollar Negotiable Certificates of Deposit due 20th September, 1984".

Companies and Markets INTL. COMPANIES & FINANCE

Fairfax ahead at midway despite higher interest

BY GRAEME JOHNSON IN SYDNEY

JOHN FAIRFAX, the major Australian media group, has lifted interim net profits by 26.6 per cent to A\$8.6m (US\$6.1m) despite a further sharp rise in interest charges related to its defence of the Herald and Weekly Times Ltd. in fiscal 1979-80.

not be sustained for the full year. In addition, revenues of some of its Sydney publications were weakening. The strong first-half growth reflected better performances by Amalgamated Television Services Pty., its television subsidiary, by David Syme and Company, its Melbourne subsidiary which publishes The Age newspaper, and by regional newspapers.

The stake was built up at a cost of A\$50m in late 1979 to help Herald and Weekly Times successfully ward off a takeover attempt by News Ltd., controlled by Mr Rupert Murdoch. The purchase caused Fairfax's interest bill to rise to A\$7.23m in the half year ended December 1980, from A\$4.1m a year earlier. The bill rose further in the latest half to A\$10.3m.

Sharp rise in profits and assets at GIB

By Mary Frings in Bahrain

PROFITS at Gulf International Bank (GIB) improved by 178 per cent from US\$12.4m to \$34.6m in the year to December 1981. This presents a return on average assets of just over 1 per cent, and a return on shareholders' equity of 20 per cent.

GIB is owned by the Governments of seven Arab Gulf states, Bahrain, Iraq, Kuwait, Oman, Qatar, Saudi Arabia and the UAE. Total assets (excluding contra accounts) were 55 per cent higher at the year end at \$4.5bn, compared with \$2.9bn, while the loan portfolio more than doubled from \$1.1bn to \$2.3bn.

Dr Khalid Al Fayed, the bank's general manager, said 40 per cent of lending was to western Europe, 30 per cent to the Middle East, 17 to 18 per cent to Latin America, and 10 per cent to Asia. During the year GIB played a management role in 85 syndicated loans totalling \$16bn, but some \$500m of its loan portfolio was unpublicised direct lending.

Commenting on the results for the bank's fifth year of operation, he said that investment in supporting systems and man power was beginning to pay off.

Start-up for Pegi-MPH Dunlop venture

By Our Financial Staff

PEGI and Multi-Purpose Holdings, two major Malaysian investment companies, will incorporate by the end of this month their previously announced joint venture to hold their respective stakes in Dunlop Estates, Pegi said yesterday.

Sales fall at Leyland Australia

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

LEYLAND AUSTRALIA, the subsidiary of BL of the UK, held its pre-tax profit last year at A\$3.3m (US\$3.5m) compared with A\$3.4m in 1980 despite a sharp fall in sales from A\$190m to A\$158.2m.

vehicles; trucks; bus chassis; parts; and PMC-Deming, an autonomous bus and coach division. Leyland spent over A\$10m (US\$10.6m) to introduce assembly of the Peugeot 505 to its Enfield plant last year and will introduce further Peugeot models in 1982.

four-year high. This reflected the "significant improvements in supply and quality levels from the parent manufacturing plants of the various BL car divisions." Leyland trucks lost ground last year in the face of severe price-cutting by competition and the bedding-down of a rationalised distribution system.

Further asset transfers within Carrian group

By Robert Cottrell in Hong Kong

CARRIAN INVESTMENTS, the quoted arm of the mercantile Hong Kong property and services group, is to acquire a package of property assets from its parent, Carrian Holdings. The transfer is to be paid for by the issue of 69.1m new Carrian investment shares, valuing the assets at HK\$275m (US\$47m).

Problems in Denmark hit results at East Asiatic

BY HELENY BARNES IN COPENHAGEN

A DECLINE in earnings from shipping, forestry and plantations combined with lower investment income hit operating profits in the East Asiatic Company last year, according to the annual report. The group, which is Denmark's largest industrial company, slipped into the red and passed its dividend for 1981: had considerable problems with its Danish operations. Eight of the 18 Danish subsidiaries had an unprofitable year, including the three major industrial operations—Phuroose Food processing, Dansk Soyakagefabrik, and the Naskov shipyard.

closed in Rwanda, Gabon, Guatemala, South Korea, Canada, and Denmark. Earlier this month the group reported a net loss of Dkr 282m, compared with profits in 1980 of Dkr 255m out of which a dividend of 10 per cent was paid. The 18 ships operated by the group increased freight income from Dkr 2.4bn to Dkr 3.3bn, but operating profits fell from Dkr 607m to Dkr 416m (\$81.5m), hampered by unsatisfactory results on U.S. west coast, Asia and Australia routes.

Hongkong Bank in talks on Malaysian ownership

BY OUR HONG KONG CORRESPONDENT

THE Hongkong and Shanghai Banking Corporation is discussing with Malaysian authorities the opening-up of its operations there to local ownership, in line with the country's New Economic Policy. The Bank said in Hong Kong on Saturday that developments may come within the next six months.

Measures were taken last year to rationalise activities. East Asiatic's North American operations were extensively reorganised, and subsidiaries were

THE PHILIPPINE INVESTMENT COMPANY S.A. Net Asset Value as of February 23, 1982 U.S.\$6.40

U.S. \$100,000,000 Kingdom of Spain 15% Notes Due 1987. Bank of America International Limited, County Bank Limited, Kuwait Foreign Trading Contracting & Investment Co. (S.A.K.), Merrill Lynch International & Co., Morgan Stanley International, Societe Generale de Banque S.A., Banco Urquijo Hispano Americano Limited.

Burroughs International Finance N.V. 15 3/4% Guaranteed Notes Due 1988. US \$50,000,000. Unconditionally Guaranteed as to Payment of Principal, Premium, if any, and Interest by Burroughs Corporation. Kidder, Peabody International, Algemeene Bank Nederland N.V., Bank Brussel Lambert N.V., Banque Nationale de Paris, Credit Suisse First Boston, Deutsche Bank, Swiss Bank Corporation International, Union Bank of Switzerland (Securities).

Canadian Imperial Bank of Commerce U.S. \$100,000,000 16% Deposit Notes due March 15, 1987. Issue Price 100 per cent. Interest payable annually on 15th March. Burns Fry Limited, Continental Illinois Limited, Credit Suisse First Boston Limited, Dominion Securities Ames Limited, Goldman Sachs International Corp., The Hongkong Bank Group, IBJ International Limited, Kuwait Investment Company (S.A.K.), Manufacturers Hanover Limited, McLeod Young Weir International Limited, Merrill Lynch International & Co., Morgan Guaranty Ltd, Solomon Brothers International, Societe Generale, Societe Generale de Banque S.A., S. G. Warburg & Co. Ltd.

FT COMMERCIAL LAW REPORTS

Contract not repudiated unless breach inevitable

CHILEAN NITRATE SALES CORPORATION v MARINE TRANSPORTATION CO LTD

Court of Appeal (Lord Justice Gummig-Bruce, Lord Justice Donaldson and Lord Justice Oliver); March 3 1982

WHERE A party to a contract seeks to terminate it on the ground that the other party has declared, by words or conduct, an intention not to perform his future obligations...

hired her to the sub-charterers. The charterers, after making some further inquiries, concluded that the owners were not carrying out the repairs.

They informed the charterers that they considered the owners' conduct amounted to a repudiation of the sub-charter and that they were no longer obliged to perform the contract...

The Court of Appeal so held when dismissing an appeal by Chilean Nitrates Sales Corporation, sub-charterers, from a decision of Mr Justice Mustill (1980) 1 Lloyd's Rep 638, that they were not entitled to terminate a sub-charterparty on the ground of anticipatory breach of contract by the charterers, Marine Transportation Co Ltd.

LORD JUSTICE DONALDSON, giving the judgment of the court, said that the Hermosa was off-hire for repairs during a sub-charter period. A surveyor's report indicated that the sub-charterers had been given a complete lack of maintenance of the vessel by the owners...

The sub-charterers applied against his decision relating to repudiatory breach. "Repudiatory" indicated breaches of contract which had already occurred and which were sufficiently serious to entitle an injured party to treat the contract as being at an end.

client refused to be judged in the light of whether a reasonable person in the position of the injured party would regard the refusal as being clear and absolute.

The relevant contractual relationship was not between the shipowners and sub-charterers, but between the charterers and sub-charterers. That did not in any way reduce the charterers' obligations. It did, however, import that the charterers, despite their best endeavours, might encounter practical difficulties in obtaining information and fulfilling their obligations.

RACING

THOSE WHO are beginning to think that by and large women make the best trainers could be on the mark in backing their judgment with some mixed doubles today. Diane Oughton, Dina Smith, Rosemary Lomax, Mervy Rimmel and Sally Hall all field live possibilities at either Fontwell, Nottingham or Wetherby.

to Rosemary Lomax's Liboi. Although not the most reliable of handicappers these days, Liboi may be worth a small interest now that he has settled to the foot of the handicap.

H. and T. Walker, sponsors of the Marie Elisabeth Chase at Ascot last November, are to take over the race formerly known as the Black and White Whisky Gold Cup when they return to Berkshire next season. Distributors of Marie Elisabeth sardines, they will contribute £12,000, including a trophy valued at £500, towards the £20,000 added prize money for this two and a half mile chase which has been increased in value this year by £4,000.

At the foot of the handicap are a number of horses who have shown some promise in the past but who have not been able to make the grade. They include the 7-2 favourite, the 11-10 favourite, and the 1-2 favourite.

- FONTWELL 2.00-Double Past 2.30-The Herb 4.00-Liboi\*\* 4.30-Easter Express

- NOTTINGHAM 2.15-Lucky Vane 2.45-Broad Principle 3.45-Torreon 4.15-Lavengro\*\* WETHERBY 2.00-Under-rated\* 4.00-Kindred

BBC 1 TELEVISION LONDON

6.40-7.05 and 7.20-7.55 am Open University (half only). 8.35 For Schools. Colleges. 12.30 pm News After Noon. 1.30 Pebble Mill at One. 1.45-2.00 Bod. 2.15-3.00 For Schools. Colleges. 3.33 Regional News for England (except London). 3.55 Play School. 4.20 Mighty Mouse. 4.25 Jacksony. 4.40 The Perils of Penelope Pitstop. 5.00 John Craven's Newsround. 5.10 Break in the Sun. 5.35 The Perishers. 5.40 News. 6.00 Regional News Magazines. 6.25 Nationwide. 6.55 Tom and Jerry. 7.05 Doctor Who, starring Peter Davison. 7.30 A Question of Sport. 8.00 Emery presents "Legacy of Murder". 8.35 The Sun. 9.00 Party Political Broadcast by the Labour Party. 9.05 News. 9.30 Play for Today: "A Sudden Wrench". by Paula Milne. 10.30 Everyman: "Wozz Albert!" featuring Mbongeni Ngema and Percy Mtwa. 11.25 News Headlines. 11.30 In Conversation: Sue Lawley with the last of three interviews.

Chris Dunkley: Tonight's Choice Three deeply contrasting views of Africa tonight. The African Queen on BBC-2 is the 1951 movie in which Humphrey Bogart plays the scruffy gin-swilling river trader who, during the First World War, takes a straight-faced missionary lady on board his battered old tub and is then persuaded to make an insanely dangerous attempt to reach and sink a German gunboat on a distant lake. Katherine Hepburn plays Rosie and the difference between her character and Bogart's emerges as much from the contrasting acting styles as from James Agee's script (which was adapted from C. S. Forester's novel). Bogart won an Oscar for his performance.

Disappearing World on ITV, the last of a series of three, investigates the relationship between the 500-strong Kwegu tribe and the much larger Mursi tribe who live on the banks of the Omo River in a remote part of Ethiopia. The Mursi who are nervous of water, rely upon the Kwegu to ferry them across the crocodile-infested river in their dugout canoes, but they are also the masters of the Kwegu. BBC-1's Everyman screens "Wozz Albert!" a two-man show from South Africa which suggests what might happen if Jesus Christ chose that country for his second coming.

All IBA Regions as London except at the following times: ANGLIA 12.30 pm Gardening Time. 1.20 Anglia News. 3.45 Looks Familiar. 6.00 About Anglia. 7.00 Peterborough Festival of Country Music. 11.35 Quincey. 12.35 am Tuesday Topic. BORDER 1.20 pm Border News. 3.45 Looks Familiar. 6.00 Emmerdale Farm. 11.35 News Summary. CENTRAL 12.30 pm The Young Doctors. 1.20 Central News. 3.45 Looks Familiar. 6.25 Central News. 7.00 Emmerdale Farm. 11.35 Central News. 11.40 Tuesday Jazz and Blues: Spyns Gyra.

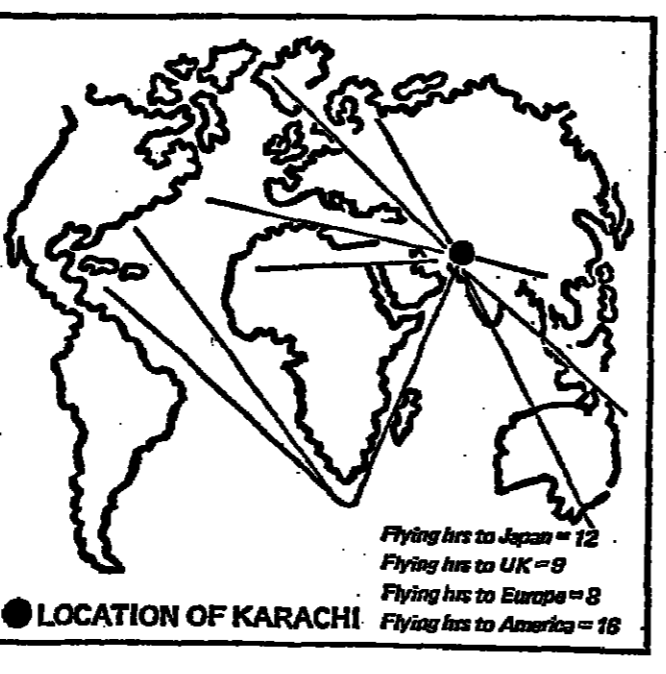
6.40-7.55 am Open University. 11.00-11.25 Play School. 3.35 pm Richard Murdoch in The Old Boy Network. 4.35 Seapower. 5.05 Gillian Triggs. 5.10 Work and Retirement. 5.40 Laurel and Hardy in "Twice Two". 6.00 The Waltons. 6.45 News Summary. 7.50 Huston directs Bogart in "The African Queen". 8.30 Russell Harty. 9.00 Party Political Broadcast by the Labour Party. 9.05 Pot Black 82. 9.30 One Man and His Dog. 10.10 Fields of Play. 11.10 Newsnight. 11.35 The Amazing Years of Cinema. HTV Cymru/Wales - As HTV West except 9.35-9.50 am Am Gymru. 11.39-11.54 About Wales. 12.00-12.10 pm Tishelst. 4.15-4.45 Canigau. 5.10-5.20 Mr Magoo. 6.00 Y Dydd. 8.15-8.30 Report Wales. 10.35 Amgueddi Genedlaethol Cymru. 11.20-12.20 am Just Desserts.

RADIO 1 5.00 am As Radio 2. 7.00 Mike Read. 8.00 Simon Bates. 11.30 Dave Lee Travis. 2.00 pm Paul Burnett. 3.30 Steve Wright. 5.00 Peter Powell. 7.00 Talkabout. 8.00 David Jensen. 10.00-12.00 John Peel (S).

(S) Stereophonic broadcast RADIO 1 1.00 am Trunkers' Hour (S). 2.00-5.00 You and the Night and the Music (S). RADIO 3 6.55 am Weather. 7.00 News. 7.05 Morning Concert (S). 7.00 News. 8.05 Morning Concert (continued). 9.00 News. 8.45 This Week's Composer List (S). 10.00 Northern Sinfonia of England (S). 10.45 Haydn and Smetana piano trio recital (S). 11.35 Chariest and piano recital (S). 12.00 BBC Welsh Symphony Orchestra, part 1 (S). 1.00 News. 1.05 Six Continents. 1.25 BBC Welsh Symphony Orchestra, part 2 (S). 2.10 Anthony Rolfe Johnson song recital (S). 3.00 Dvorak String Quartet recital (S). 3.30 Youth Orchestra of the World (S). 4.35 Jazz Today (S). 4.55 News. 5.00 Mainly for Pleasure (S). 7.00 Soviet Life Through Official Lenses. 7.30 Morty (S). 8.00 French Music and a French Connection concert, part 1 (S). 8.50 Goda's Poetry. 9.20 Concert, part 2 (S). 10.05 Six Continents. 10.35 Britten's Cabaret Songs (S). 11.00 News. 11.45-11.55 Tom Lehrer on record. RADIO 4 6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today. 6.35 Yearaday in Parliament. 6.57 Weather. 8.00 News. 8.02 Today Call. 10.00 News. 10.02 From Our Own Correspondent. 10.30 Daily Service. 10.40 Morning Story. 11.00 News. 11.05 Thirty Minute Theatre. 11.35 Wildlife. 12.00 News. 12.02 pm You and Yours. 12.27 Dependent. 12.50 Weather, travel, programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.20 Women's Hour. 3.00 News. 3.02 Black House by Charles Dickens (S). 4.00 Ebdon's England. 4.15 The Violin Makers. 4.45 Story Time. 5.00 PM: News magazine. 5.30 Shipping Forecast. 5.55 Weather, programme news. 6.00 News. 6.30 Brain of Britain 1982 (S). 7.00 News. 7.05 The Archers. 7.20 Medicine. Now. 7.50 Animal Language (S). 8.20 The Fall of the Shah. 8.30 In Touch. 9.30 Kaleidoscope. 9.50 Weather. 10.00 The World Tonight. 10.30 Semi-Circles with Paula Wilton. David Wood. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

Karachi Export Processing Zone

19 INDUSTRIAL UNITS ALREADY SANCTIONED OFFERS UNIQUE INVESTMENT OPPORTUNITIES TO ALL FOREIGN NATIONALS AND NON-RESIDENT PAKISTANIS FOR SETTING UP INDUSTRIES IN THE KARACHI EXPORT PROCESSING ZONE (KEPZ) The priority area of KEPZ of 200 industrial plots is fully developed with all infrastructure facilities and utilities. Immediate connections available for water, electricity, telephone etc.



- MODE OF INVESTMENT All investment shall be in convertible foreign currencies by: Foreign nationals. Joint ventures between foreign nationals or with non-resident Pakistanis. Non-resident Pakistanis on N.R.I. basis.
- FISCAL INCENTIVES No customs duty, no tax on Imports/Exports. Exemption from Federal, Provincial and Local Taxes. 5 years tax holiday. Double taxation relief. Liberal labour laws. Repatriation of capital and profits on investment by foreigners.
- FACILITIES Simplified procedures one door service. Trained and skilled work force available. Local and foreign banks and insurance companies in the zone. Post Office, Dispensary, and Fire Brigade. Warehouse and security arrangements. Offshore banking facilities.

INVESTMENTS MAY BE EITHER IN: (i) Industrial undertakings, or (ii) Standard Factory Buildings, or (iii) Ware housing (ii) & (iii) can be leased out by the investors to other industrial undertakings on rent.

FOR MORE INFORMATION PLEASE CONTACT: Export Processing Zones Authority HAFEEZ CENTRE, A/34, SHAREA-FAISAL KARACHI-PAKISTAN TEL: 430101, 430102 CABLE: EXPOZONE TELEX: 25692 - PK

FINANCIAL TIMES CONFERENCE Gold and the International Monetary System

Montreux: 11 and 12 May 1982 This important conference will assess the monetary future of Gold and analyse production, price and investment trends. Speakers will include: Professor Arthur B Laffer Mr Meinhard Carstensen Dr Chris Stals Dr Giovanni Magnifico Mr Robert Guy Dr Hans J Mast Mr John Forsyth Mr Donald O Cameron Mr Paul Barea Mr B Noetzlin Mr Samuel Brittan Mr Maury Kravitz Mr Timothy S Green

Gold and the International Monetary System A FINANCIAL TIMES CONFERENCE in association with The Banker. Please send me further details of Gold and the International Monetary System Conference. Name: Company: Address: Tel: Telex:





WORLD STOCK MARKETS

Early Wall St rally of 9.5

REFLECTING SOME optimism on the part of investors that U.S. interest rates may move lower, Wall Street rallied sharply yesterday morning in a fairly large turnover.

The Dow Jones Industrial Average advanced 9.51 to 818.16 at 1 pm, while the NYSE All Common Index was up 8.25 to 2,563.3 and Metals and Minerals 10.8 to 1,475.4.

Petroleum issues continued to rally on news of the planned Opec oil production cut. The Premier of oil-rich Alberta said the Federal Government should alter the energy programme to help the oil industry, and said his Government is planning its own steps to stimulate the industry.

Also boosting stock prices was some firmness in the bond market. There was some pickup in the depressed energy stocks following Opec's decision to cut oil production.

However, gains in the group were modest and analysts said the 15m barrels a day limit on production set by Opec is unlikely to stop the downward trend in crude oil prices over the near-term.

At the same time, the most active oil stock and rose 1 1/2 to \$39.1. Also active were Exxon, up 1/2 to \$23, and Texaco, up 1/2 to \$30.

General Motors gained 1 1/2 to \$40.1 in heavy trading. It has reached agreement with the UAW on a new labour pact. Technology stocks were the target of bargain hunting, with IBM rising 1 1/2 to \$58. National Semiconductor rose 1 1/2 to \$22.1, and Texas Instruments up 1 1/2 to \$29.1.

Foreign investor purchasing again centred on the export-oriented Machine Manufacturers sector, where GHH advanced 3/4 to \$12.1 and HAN 1/2 to \$11.1.

Public Authority Bonds were up to 50 pence higher, while the Bundesbank sold DM 36.1m of paper, against sales of DM 73.2m on Friday.

Closing Prices for North America were not available for this edition.

NEW YORK

Table of New York stock market data including stock names, prices, and changes. Includes sections for Dow Jones, Standard and Poors, and NYSE Active Stocks.

Table of international stock market data for various countries including Canada, Belgium, Holland, Australia, and Japan.

Table of international stock market data for various countries including France, Norway, Germany, Austria, and Switzerland.

Table of international stock market data for various countries including Singapore, Hong Kong, South Africa, and Brazil.

Financial Times Tuesday March 23 1982. Includes a note about the financial crisis in Brazil and other market news.

Companies and Markets

COMMODITIES AND AGRICULTURE

New Danish foot and mouth case

By Hilary Barnes in Copenhagen

A FLOCK of five sheep were destroyed yesterday after one of the animals showed what were described by the Veterinary Directorate as "a typical symptom" of foot and mouth disease.

ESS-Feed, the meat export association, dropped the price to farmers for pig meat by DKR 1 to DKR 11.60 with effect from yesterday.

The British Government has announced a ban on all meat and related products from Spain from Friday because it is not satisfied with hygiene standards there.

Mrs Thatcher reaches Tin Pact compromise

BY OUR COMMODITIES STAFF

MRS THATCHER and Chancellor Helmut Schmidt of West Germany are reported to have reached agreement at the weekend on a formula under which Britain and Germany would be prepared to drop their opposition to the EEC signing the International Tin Agreement.

Both had been worried that the agreement might be used to manipulate the market, but they have decided to drop their opposition, provided a clause is inserted into the agreement to exclude this possibility.

However, with the U.S. accounting for 26 per cent of consumption, steadily refusing to sign, the EEC's 27 per cent share of consumption is crucial even for provisional application of the pact.

no strategic stockpile of tin to protect itself against the world price fluctuations the pact is intended to avoid.

The Tin Council met in London last week to consider introducing export controls and commercial borrowing to extend price support funds. But with no agreement being reached the meeting was adjourned until this morning to allow delegates to consult their governments.

LOS ANGELES—An official of Falconbridge Nickel Mines has forecast that the primary nickel industry can expect severe shortages if producers do not achieve significant and sustained price increases in the near future.

Mr L. G. Bonar also said nickel prices this year might go to \$2 a pound or \$5 if strikes disrupt the industry.

The cash zinc price of 11.25 to \$430.75 a tonne. This was followed by cash lead which fell \$7 to \$333 a tonne.

A \$15 fall in the cash aluminium price on the LME to \$562.50 was prompted by another 3,300 tonnes rise in warehouse stocks taking the total to 191,775 tonnes.

LOS ANGELES—An official of Falconbridge Nickel Mines has forecast that the primary nickel industry can expect severe shortages if producers do not achieve significant and sustained price increases in the near future.

Mr L. G. Bonar also said nickel prices this year might go to \$2 a pound or \$5 if strikes disrupt the industry.

Rubber market gains

By Our Commodities Staff

NATURAL RUBBER prices rose sharply on the London physical market yesterday with the RSS No. 1 spot quotation ending up at 52.5p a kilo, the highest level for more than 3 months.

Since then, however, the International Rubber Organization has called up an extra \$124m from members to boost its price-recession fund.

Orkney considers lobster scheme

By Our Own Correspondent

ORKNEY is considering a \$2.5m-a-year scheme for the re-stocking of lobsters in its waters.

DELEGATES FROM coffee producing and consuming countries yesterday began two weeks of talks in London on proposed changes in the International Coffee Agreement.

Future uncertain for English hops

BY A CORRESPONDENT

ON THE fiftieth anniversary of its foundation, the Hop Marketing Board is on the point of being wound up and having its charter revoked.

The Marketing Boards are compulsory producers' groups, and thus are incompatible with the Treaty of Rome.

Aluminium stocks fall forecast

By Our Own Correspondent

THE FIRST quarter of 1982 may end with all aluminium stocks falling due to recent production cuts in North America.

General buying interest which was only partly met by hedge selling, lifted bid to \$7.415, three months, at the close.

Setback to Barbados sugar cane output

By Our Own Correspondent

BRIDGETOWN, Barbados—Sugar cane land affected by fires will take at least three weeks to get back into normal production.

General buying interest which was only partly met by hedge selling, lifted bid to \$7.415, three months, at the close.

Coffee pact changes discussed

By Our Own Correspondent

DELEGATES FROM coffee producing and consuming countries yesterday began two weeks of talks in London on proposed changes in the International Coffee Agreement.

Improved arrangements for dealing with shortfalls and, most fundamental, the introduction of a buffer stock.

COFFEE PRICE CHANGES

Table with columns for Mar 22, Mar 23, and Month ago. Rows include Mocha, Arabica, and Robusta prices.

AMERICAN MARKETS

Table listing various American market prices including metals, grains, and oil.

EUROPEAN MARKETS

Table listing European market prices including wheat, oil, and other commodities.

INDICES

Table showing financial indices like Dow Jones and FTSE 100.

REUTERS

Table showing Reuters market data and prices.

BRITISH COMMODITY MARKETS

BASE METALS

BASE-METAL PRICES were generally steady on the London Metal Exchange.

Table of base metal prices including tin, lead, zinc, and copper.

COPPER

Table of copper prices in different grades.

LEAD

Table of lead prices.

ZINC

Table of zinc prices.

TIN

Table of tin prices.

ALUMINIUM

Table of aluminium prices.

NICKEL

Table of nickel prices.

SILVER

Table of silver prices.

GAS OIL FUTURES

Table of gas oil futures prices.

COCA

Table of cocoa prices.

COFFEE

Table of coffee prices.

WOOL FUTURES

Table of wool futures prices.

SOYABEAN MEAL

Table of soyabean meal prices.

SUGAR

Table of sugar prices.

GRAINS

Table of grain prices.

COTTON

Table of cotton prices.

JUTE

Table of jute prices.

TEA AUCTION

Table of tea auction results.

POTATOES

Table of potato prices.

Premium positions available (minimum size 30 column cms) \$5.00 per single column cm extra.

For further details write to: Classified Advertisement Manager, Financial Times, 10 Cannon Street, ECAP 4BY.

Promotional Gifts advertisement listing key rings, paperweights, cuff links, and badges.

Krugerrands Sovereigns advertisement for gold coins.

Classified Advertisement Rates table with columns for per line, per cm, and net 12.00.

Companies and Markets

LONDON STOCK EXCHANGE

Gilt-edged make further headway on inflation trend Equities lack inspiration—Gold shares better

Account Dealing Dates Option
\*First Declared Last Account Dealings Dates...

The boost to market confidence imparted on Friday by the slowdown in the inflation rate remained in evidence yesterday only in British Funds.

Quotations here started a better at the long end of the market and subsequent small demand on revived interest rate hopes left them up to 1 1/2 better at the close.

After last Friday's disappointing level of applications, Treasury 2 per cent indexed linked got off yesterday to a predictably quiet start at the issue price of par for the £50-

paid stock: quotations of the three established index-linked stocks were lowered by 1 to 1 1/2 in sympathy.

Equities made an uninspiring start to the final leg of the two-week Account with leading shares generally drifting lower in a thin trade.

Oils opened lower following weekend Press comment on the OPEC Vienna agreement, but buyers came in at the lower levels and left the leaders little changed on balance.

Amersham became a fairly lively market and touched a peak of 30 1/2 before closing just a penny dearer on balance at 18 3/4.

hardened a similar amount to 37 1/2 but other Composites drifted lower. General Accident dipped 4 to 32 1/2 as did GRE.

Elsewhere, Wholesale Fittings gained 9 to 21 1/2 in response to Press comment and Electronic Rentals hardened 2 to 8 1/2 for a similar reason.

Leading Foods closed narrowly mixed following a quiet trading session for the quarter.

After opening 2 cheaper at 32 1/2, ICI rallied to 32 1/2 before drifting off again to close a net 4 down at 32 1/2.

company will announce full-year profits in excess of £100m tomorrow induced a good demand for BICC which touched a new peak of 34 1/2 before closing 3 up on balance at 34 1/2.

Elsewhere, Wholesale Fittings gained 9 to 21 1/2 in response to Press comment and Electronic Rentals hardened 2 to 8 1/2 for a similar reason.

Leading Foods closed narrowly mixed following a quiet trading session for the quarter.

After opening 2 cheaper at 32 1/2, ICI rallied to 32 1/2 before drifting off again to close a net 4 down at 32 1/2.

Revised speculative demand in a market short of stock lifted Pearson Longman 2 1/2 to 27 1/2; parent company S. Pearson, strongly fancied to bid for the outstanding equity, eased the turn to 24 1/2.

Among the occasional movements in Properties, revised speculative demand in a thin market lifted Roseburgh 1 1/2 to 27 1/2.

After opening several pence lower in the wake of comment on Opec's agreement on a production ceiling and the main tone of the S24 a barrel raffled price, leading Oils rallied and closed narrowly mixed.

After opening several pence lower in the wake of comment on Opec's agreement on a production ceiling and the main tone of the S24 a barrel raffled price, leading Oils rallied and closed narrowly mixed.

stronger tone among Plantations. Malskoff rose 5 to 8 1/2, while Cons. Plants, added 3 1/2 to 49 1/2 with the Warrants 7 up at 12 1/2.

The Gold Mines index, registering its third successive rise, put on 6 1/2 to 240 1/2.

Heavyweights were featured by Vaal Reefs, 1 1/2 up at 23 1/2, Southvaal and St. Helena, up 2 1/2 to 112 1/2 and 112 1/2 respectively.

South African Financials moved ahead strongly in the wake of Golds. "Amgold" was outstanding and closed £2 to the good at £81.

FINANCIAL TIMES STOCK INDICES
Table with columns for Mar. 22, Mar. 19, Mar. 17, Mar. 16, Mar. 15, Mar. 14, A year ago.

HIGHS AND LOWS S.E. ACTIVITY
Table with columns for High, Low, Since Compil'n, High, Low, Mar. 19, Mar. 18.

Stores quietly dull
Leading Stores made a subdued showing and finished a shade easier for choice.

Turner & Newall sold
Having fallen 2 1/2 last week on disquiet over the results, Turner & Newall came under renewed pressure yesterday.

Oil dip and rally
After opening several pence lower in the wake of comment on Opec's agreement on a production ceiling and the main tone of the S24 a barrel raffled price, leading Oils rallied and closed narrowly mixed.

FRIDAY'S ACTIVE STOCKS
Based on bargains recorded in S.E. Official List

WORLD VALUE OF THE POUND
Table with columns for PLACE AND LOCAL UNIT, VALUE OF £ STERLING.

Table with columns for PLACE AND LOCAL UNIT, VALUE OF £ STERLING.

Table with columns for PLACE AND LOCAL UNIT, VALUE OF £ STERLING.

Table with columns for PLACE AND LOCAL UNIT, VALUE OF £ STERLING.

Table with columns for PLACE AND LOCAL UNIT, VALUE OF £ STERLING.

RECENT ISSUES

EQUITIES
Table with columns for Issue Price, Amount, Date, Stock, etc.

FIXED INTEREST STOCKS

Table with columns for Issue Price, Amount, Date, Stock, etc.

"RIGHTS" OFFERS

Table with columns for Issue Price, Amount, Date, Stock, etc.

Renunciation data usually last day for dealing free of stamp duty. Figures based on prospectus estimates.

ACTIVE STOCKS

Table with columns for Stock, Closing price, Day's change, etc.

FRIDAY'S ACTIVE STOCKS

Table with columns for Stock, Friday's closing price, Day's change, etc.

RISES AND FALLS YESTERDAY

Table with columns for Rise/Fall, Points, etc.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Table with columns for EQUITY GROUPS & SUB-SECTIONS, Mon March 22 1982, Fri Mar 19, etc.

Table with columns for FIXED INTEREST, AVERAGE GROSS REDEMPTION YIELDS, etc.

\*Part of the French companies in Africa formerly French West Africa or French Equatorial Africa. † Russian per pound. ‡ General rates of all and iron exports 75.50. \*\*Rate is the transfer market (London). (U) United States. (A) Australia. (N) New Zealand. (I) India. (C) Canada. (S) South Africa. (Z) Zimbabwe. (P) Papua New Guinea. (F) Fiji. (M) Maldives. (Y) Yemen. (E) Egypt. (G) Greece. (I) Ireland. (L) Luxembourg. (N) Netherlands. (S) Switzerland. (T) Taiwan. (U) Uruguay. (V) Venezuela. (W) West Indies. (X) Xmas Island. (Y) Yemen. (Z) Zimbabwe. (AA) American Samoa. (AB) Bahamas. (AC) Cambodia. (AD) Denmark. (AE) Ecuador. (AF) Finland. (AG) French Polynesia. (AH) Hong Kong. (AI) Iceland. (AJ) Japan. (AK) Korea. (AL) Laos. (AM) American Samoa. (AN) Antigua and Barbuda. (AO) Australia. (AP) Argentina. (AQ) Aruba. (AR) Argentina. (AS) Australia. (AT) Austria. (AU) Australia. (AV) Australia. (AW) Australia. (AX) Australia. (AY) Australia. (AZ) Australia.

INSURANCE BONDS

Table listing various insurance bonds including Crown Life, Abbey Life Assurance Co. Ltd., and others, with columns for company name, address, and contact information.

FT UNIT TRUST INFORMATION SERVICE

Table listing unit trusts such as Legal & General (Unit Assur) Ltd., Norwich Union Insurance Group, and others, with columns for company name, address, and contact information.

Table listing unit trusts such as Standard Life Assurance Company, Sun Alliance Insurance Group, and others, with columns for company name, address, and contact information.

Table listing various financial services and companies including Generali S.P.A., Gravel Management Limited, and others, with columns for company name, address, and contact information.

OFFSHORE & OVERSEAS FUNDS

Table listing offshore and overseas funds such as Windor Life Assur. Co. Ltd., Adis Investment, and others, with columns for company name, address, and contact information.

NOTES: Price lists in most tables are for shares held in the UK. Prices in other currencies are shown in brackets. Prices are as at the date of publication. Prices are subject to change without notice.

FOOD, GROCERIES—Cont.

Table listing various food and grocery products such as flour, sugar, and oils, along with their prices and market movements.

HOTELS AND CATERERS

Table listing hotel and catering companies, including their stock prices and financial indicators.

INDUSTRIALS (Miscel.)

Table listing various industrial companies and their stock prices.

FOOD, GROCERIES, ETC.

Table listing food and grocery products, including meat, dairy, and processed foods, with their respective prices.

FT SHARE INFORMATION SERVICE

ENGINEERING—Continued

Table listing engineering companies such as Rolls-Royce, GEC, and British Aerospace, including their stock prices and performance metrics.

CHEMICALS, PLASTICS—Cont.

Table listing chemical and plastic companies like ICI, Birmingham, and Shell, with their stock prices.

DRAPERY AND STORES

Table listing drapery and retail companies such as Next and Debenhams.

BANKS & H.P.—Cont.

Table listing banks and hire purchase companies like Lloyds Bank, NatWest, and Hire Finance.

BEERS, WINES AND SPIRITS

Table listing beverage companies including Heineken, Carlsberg, and Diageo.

BUILDING INDUSTRY, TIMBER AND ROADS

Table listing construction and infrastructure companies like Bovis Lendon and Clarke.

ELECTRICALS

Table listing electrical engineering companies such as GEC and Birmingham.

LOANS—Continued

Table listing various loan products and their interest rates.

FOREIGN BONDS & RAILS

Table listing foreign government bonds and railway shares.

AMERICANS

Table listing American companies and their stock prices.

WOLSELEY-HUGHES logo and text: 'Central to Britain's heating Heating and Plumbing Merchants, Farm and Garden Machinery, Engineering, Plastics.'

BRITISH FUNDS

Table listing British investment funds like Fidelity and British American.

Shorts (Lives up to Five Years)

Table listing short-term investments and their yields.

Five to Fifteen Years

Table listing investments with a 5 to 15 year horizon.

Over Fifteen Years

Table listing long-term investments and their performance.

Undated

Table listing undated investments and their details.

Index-Linked & Variable Rate

Table listing index-linked and variable rate investments.

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

Table listing international bank and overseas government sterling issues.

CORPORATION LOANS

Table listing corporate loan products and their terms.

COMMONWEALTH AND AFRICAN LOANS

Table listing loans for Commonwealth and African countries.

STERLING DEPOSITS WITH RIGGS advertisement for the Riggs National Bank of Washington DC.

Dealers: Tel. 01-626 3515 Telex 892807 RIGGS LONDON BRANCH

INDUSTRIALS—Continued

Table of industrial stocks including companies like British Airways, British Petroleum, and various manufacturing firms, with columns for stock name, price, and change.

LEISURE—Continued

Table of leisure and entertainment stocks including British Telecom, British Gas, and various media companies.

PROPERTY—Continued

Table of property and real estate investment trusts, including various REITs and property companies.

INVESTMENT TRUSTS—Cont.

Table of investment trusts, including various equity and income trusts.

OIL AND GAS—Continued

Table of oil and gas stocks, including major energy companies like BP and Shell.

NOMURA logo and contact information for Nomura Securities Co., Ltd. and Nomura International Limited.

MINES—Continued

Table of mining stocks, including various metal and coal mining companies.

MOTORS, AIRCRAFT TRADES

Table of motor and aircraft trade stocks, including companies like British Aerospace and various motor manufacturers.

SHIPPING

Table of shipping stocks, including various shipping companies.

SHOES AND LEATHERS

Table of shoes and leather goods stocks.

SOUTH AFRICANS

Table of South African stocks.

TEXTILES

Table of textile stocks.

NEWSPAPERS, PUBLISHERS

Table of newspaper and publishing stocks.

PAPER, PRINTING ADVERTISING

Table of paper, printing, and advertising stocks.

TOBACCO

Table of tobacco stocks.

TRUSTS, FINANCE, LAND

Table of trusts, finance, and land investment trusts.

PROPERTY

Table of property investment trusts.

OVERSEAS TRADERS

Table of overseas trading companies.

RUBBERS AND SISALS

Table of rubber and sisal stocks.

TEAS

Table of tea stocks.

INDIA AND BANGLADESH

Table of Indian and Bangladeshi stocks.

SRI LANKA

Table of Sri Lankan stocks.

MINES

Table of mining stocks.

CENTRAL RAND

Table of Central Rand mining stocks.

EASTERN RAND

Table of Eastern Rand mining stocks.

FAR WEST RAND

Table of Far West Rand mining stocks.

O.F.S.

Table of O.F.S. stocks.

FINANCE

Table of finance stocks.

OIL AND GAS

Table of oil and gas stocks.

DIAMOND AND PLATINUM

Table of diamond and platinum stocks.

NOTES

Notes section containing various financial notices, company announcements, and market updates.

REGIONAL MARKETS

Table of regional market data, including prices for various commodities and currencies.

OPTIONS

Table of options market data, including call and put option prices.

